The NATIONAL UNDERWRITER

Life Insurance Edition

FRIDAY, FEBRUARY 5, 1954

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The NATIONAL UNDERWRITER

The National Weekly Newspaper of Life Insurance

58th Year, No. 6
February 5, 1954

Claris Adams Succeeds Hogg as ALC Staff Chief

Ohio State Life President Returns to Post Held in 1926-29

Claris Adams, president of Ohio State Life and widely known in insurance circles throughout the country, on March 1 will become executive vice-president of American Life Convention.

Claris Adams

Mr. Adams occupied the top ALC staff position from 1926 to 1929. He became president of Ohio State Life in 1936 after serving as executive vice-president of the old American Life of Detroit.

Mr. Adams succeeds Robert L. Hogg who, on April 1, will go with Equitable Society as senior vice-president and advisory counsel.

Mr. Adams will be the second ALC manager to come from the presidency of a member company into direction of the headquarters activities, Col. Charles B. Robbins, the fourth top staff official, having headed Cedar Rapids Life.

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Mr. Adams has served the life insurance business with distinction for more than a quarter of a century. In addition to his prior ALC activity, he was for seven years a member of its executive committee and in 1945-1946 was its president. He has been chairman of Institute of Life Insurance, a member of the board of Life Insurance Assn., and chairman of the joint LIA-ALC committee on federal income taxation of life companies, in which capacity he has made an outstanding record. From 1949 to 1952 he served as chairman of the ALC committee on coordination of activities.

Educated at Butler University and Indiana law school, Mr. Adams spent his early business years in legal practice in Indianapolis, where he served as prosecuting attorney of Marion county. He later became a partner and an effective trial lawyer in the legal firm of Slaymaker, Turner, Merrill, Adams & Locke, handling essentially insurance law practice, and through which activity he gained wide acquaintance among life and causalty insurance groups.

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He brought to ALC in 1926 a vigorous interest in, and approach to, the problems then facing the life insurance business and American Life Convention. His nearly four years of ALC service were marked by a broadening of convention staff and services, stimulation of good-will and greater cooperation among member companies and insurance trade associations and

(CONTINUED ON PAGE 19)

Company Recaps for 1953 Replete With Superlatives

AMERICAN MUTUAL

Last year was the best ever for American Mutual Life of Iowa, new life insurance put in force amounting to $23,383,648 to bring total insurance in force to $180,050,064.

Benefit payments were $2,756,272, bringing the total of such payments in the company's history to $113,934,624.

Assets reached an all-time high of $47,796,776 and surplus funds increased to $3,194,824. Net interest earned on invested assets averaged 3.46% to show an increase.

B.M.A

A year of record gains was reported by Chairman W. T. Grant of Business Men's Assurance. New paid life insurance for 1953 amounted to $186,197,785, a gain of 11%. Life insurance in force rose $100,613,123 to total $729,926,796. A&H premium income was $16,647,464, a gain of 10.8%. Life insurance premium income was $16,651,270, 11% higher.

Assets now total $120,571,369, a rise of $10,604,836. After reserve allocations and dividend payments to stockholders, $1,511,359 was added to surplus, bringing that total, including capital of $4 million, to $10,967,812.

Benefit payments of $16,043,273 brought the total of such payments since organization to $155,613,246. Benefit payments numbered 110,145, meaning that an average of one out of every seven of the company's policyowners received benefits.

COLUMBUS MUTUAL

Columbus Mutual paid for $46,194,235 during 1953 and insurance in force increased 8% to reach $360,154,391. Assets totaled $103,507,374, up $7,371,447. Death benefits paid were $1,769,000 as compared with $1,804,000. More than $1½ million was paid to living policyholders. Net interest earned was 3.64%, up .08%. Dividends exceeded $1 million for the third consecutive year and $1,163,000 has been reserved for 1954 dividends. The Dwyer agency at Toledo led the company with $3.3 million in sales while the leading personal producer was John C. Dexter, Columbus, O., with $750,000.

EQUITABLE LIFE, IOWA

President F. W. Hubbell reports that 1953 was the best production year ever for Equitable Life of Iowa, new life insurance paid-for totaling $128,370,726 as against $125,371,139 the year before. Insurance in force increased to $1,300,834,807, a gain of $68,773,632.

Premium and investment income set new records. The net rate of interest earned on assets rose from 3.27% to 3.32%. Surplus increased by $1,569,605, the total, together with capital, amounting to a record high of $22,268,172. Assets increased by $27,876,013 to $505,859,107.

FRANKLIN LIFE

Franklin Life passed the $1.5 billion mark of insurance in force during 1953, making it the greatest year in its history, reports Chas. E. Becker, president.

New paid ordinary business totaled $365,707,354, compared with $297,443,788. Insurance in force rose $177,887,015 to total $1,530,525,803.

Assets increased $29,827,073 to $352,669,824. Surplus rose by $6,500,000 to total $21 million. Premium income amounted to $50,675,391. Benefit payments amounted to $13,566,912.

The company has set a goal of $2 billion of insurance in force by the end of 1955.

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Late News Bulletins . . .

NAIC Committees to Meet at NYC April 5-7

The blanks committee of National Assn. of Insurance Commissioners will meet at the Hotel Commodore, New York City, April 5-7. Meetings of the life and uniform accounting subcommittees will be held there April 5.

Two New Bankers, Neb., General Agents

Bankers Life of Nebraska has appointed Fred C. Thomsen general agent at Minneapolis and has named E. F. Combes general agent of a newly established office at Washington, D. C. Mr. Thomsen, second leading personal producer for the company last year, formerly was an agent at Springfield, Mo.

Prudential Revises Chicago Agency Setup

Prudential is expanding its Chicago agency operations, forming two new units and reorganizing a third. The changes follow the appointment of Sidney A. Kent to executive director of agencies for Prudential's mid-America home office at Chicago. Mr. Kent will be succeeded as manager of the Chicago agency by M. R. Bay, who has been an assistant manager of that office. The agency will be known as M. B. Bay & Associates. A group of agents from the Chicago agency staff will be transferred to a new office to be located north of Chicago, either in Evanston, Wilmette or Des Plaines. Its name will be Alfred A. Gliemi & Associates. Mr. Gliemi, who will become manager March 1, has been assistant manager of the Kent organization. Both Messrs. Bay and Gliemi started with Prudential as agents.

Also on March 1, the Don K. Alford & Associates agency at Chicago will be

(CONTINUED ON PAGE 20)

Walter O. Menge Named President of Lincoln National

Colorful Insurance Career Heavy With Actuarial Experience

At a special meeting of the company's board, Walter O. Menge, formerly 1st vice-president of Lincoln National Life, was named president to succeed the late A. J. McAndless.

Walter O. Menge

Mr. Menge, who has been Lincoln National's 1st vice-president since 1951, joined the company in 1937 as associate actuary after having served as a member of the faculty of the University of Michigan, where he taught actuarial science. During his career, Mr. Menge acted in a consulting capacity for a number of life companies and, in addition, was consulting actuary for the Michigan department of insurance.

Six years after joining Lincoln National, he was named 2nd vice-president. In 1945 he was promoted to vice-president.

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Following Lincoln National's purchase of Reliance Life of Pittsburgh in 1951, Mr. Menge was named president of Reliance, a post he held until Jan. 1, 1953, when the business of Reliance was merged with that of Lincoln National.

Mr. Menge, who is 49, was born in Buffalo and is a Phi Beta Kappa graduate of the University of Michigan. He received a Ph.D. degree in 1931, and is a fellow of Society of Actuaries.

He has served on important committees of American Life Convention, Life Insurance Assn. of America, Society of Actuaries, and many other insurance organizations and is the author of a textbook on life insurance mathematics as well as numerous scientific papers for the insurance industry.

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Mr. Menge is a past president of Home Office Life Underwriters Assn. and Indiana Assn. of Legal Reserve Life Insurance Companies, and has been a member of joint actuarial committees for the preparation of C.S.O. monetary tables and industrial monetary tables, and a special committee for the education and training of actuaries. He has also been a member of the board of governors of Society of Actuaries. Currently he is vice-president of Medical Information Bureau executive committee and president of the University of Michigan Alumni Assn. of Fort Wayne.

Look in Glass Ball at Chicago Reveals 1954 as Promising Year for Insurance

More than 130 members of the insurance group of the Union League Club of Chicago turned out Tuesday to hear forecasts on 1954 for the fire, casualty, life and A. & H. businesses from leaders in those fields. This was one of the best turnouts the insurance section has had, and the audience was rewarded with some excellent resumes of what the different lines of insurance face in the next 11 months.

The speakers wasted no words, and the meeting was kept going at a lively pace by Levering Cartwright, vice-chairman of the insurance section, who acted as moderator and kept an eye on the clock, and saw to it that the audience was crammed full of information.

John P. Hanna, managing director of H. & A. Underwriters Conference, provided the outlook for A. & H. insurance. He said there is plenty of room for progress if the companies and agents work a litle harder and longer. Premiums for 1953 are estimated at $2½ billion, double those of 1949, and if Blue Cross and Blue Shield are included, the total goes up to $3¼ billion, making A. & H. insurance second only to life insurance.

The new estimates on the number of persons covered with some form or other of A. & H. are nearly 100 million for hospitalization, 80 million for surgical, 40 million for medical, 40 million for loss of time (about two-thirds of all wage earners) and 1 million for major medical. A. & H. coverages are being improved, and the policyholder now gets a better product and more for his money.

However, Mr. Hanna said the A. & H. business needs to get public attitudes caught up with progress of the industry. Doctors, hospitals and the general public as specific groups are public relations problems. There seems to be a tendency on the part of all groups to want insurance to do more than is intended.

Mr. Hanna remarked that A. & H. in recent years has found itself subject to criticism from those who have discovered that the business presents an obstacle to their plans for a compulsory health program. These persons have been trying to discredit the voluntary system.

The business also has problems of coverage for rural groups and for older persons, but these are mechanical problems, he said. It is a matter of getting the coverage to the people, the business can always offer what is needed.

The A. & H. business has the job of educating the public as to what types of coverages are important, Mr. Hanna explained. There is not enough realization that insurance for small medical bills is not the main point—they can be budgeted for—the idea is to insure what actually comes as a loss to the policyholder and not as a minor fluctuation in his budget.

Life insurance had its biggest year in history in 1953, A. N. Guertin, actuary of American Life Convention, declared, and he predicted that this year will be bigger still and the growth patterns will continue. It took 100 years for the life business to get its first $100 billion of insurance in force, only 12 years for the second $100 billion, and just five years for the third. How-

(CONTINUED ON PAGE 20)

Stewart Now Actuary of Central Standard

W. Murdoch Stewart has been elected actuary of Central Standard Life. He began his actuarial career with Aetna Life's home office. He went with John Hancock Mutual in 1941 and was appointed assistant actuary in 1944 with over-all direction of various actuarial divisions. He is a fellow of Society of Actuaries.

W. Murdoch Stewart

Theiss Joins Patriot as Vice-President

Arthur W. Theiss, director of publicity and advertising for Minnesota Mutual Life, has joined Patriot Life as a vice-president and director. Patriot, a subsidiary of CIT Financial Corp., was organized about a year ago and writes credit and other forms of life insurance.

Arthur W. Theiss

Mr. Theiss, who has his headquarters at New York City, entered insurance with Ohio National Life in 1933 as sales promotion manager after previous advertising and sales promotion experience. He went with Minnesota Mutual in 1945 as assistant superintendent of agencies. He currently is secretary of National Direct Mail Advertising Assn.

EUGENE D. NIMS, 68, former chairman of the old Missouri State Life and the first president of Southwestern Bell Telephone Co., died at Barnes hospital, St. Louis, a few hours after being admitted. He was the first to place a call from the southwest U. S. to England when overseas service was opened in that region in 1927.

BUREAU GROUP SEMINAR

Suggests Deductible for Group Hospital to Meet Inflation

Brooks Chandler, vice-president and secretary of Provident Life & Accident, suggested the use of a deductible in group hospital policies as a solution to the high cost of hospitalization and the resulting general increase in premium levels on this coverage, in his address before the group seminar of Bureau of A. & H. Underwriters at New York last week. The meeting was attended by 165 members representing 76 companies.

Mr. Chandler said the deductible or coinsurance plan would reduce claim and administrative costs, and would undoubtedly eliminate many expenses such as diagnostic work. Where the loss ratio on a particular group is high, he said investigation often showed the high incidence of hospital confinement due to non-operative sickness. He said he is familiar with the deductible clause which has been put in as a result of a specific problem. "Usually this radical step was taken only after premium rates had been increased more than once."

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He suggested the deductible could be applied as the elimination of room and board benefits for the first few days of hospital confinement, as a specific dollar amount for the miscellaneous hospital expense benefit, or as a combination of the first two under a flat deductible applicable to all charges.

Hospitalization for surgery or accidents seldom presents an elective aspect to the insured, and the deductible is not or would not be applied in such cases in many plans.

Public reception of a deductible clause in group plans is not yet known, Mr. Chandler remarked. Many employers are concerned about the increasing employe welfare costs, but there is on the other hand an increased demand for complete coverage on the part of labor in such negotiated plans as in the rubber and meat packing industries.

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A. S. Beebe, vice-president and group manager of Paul Revere Life, mentioned some of the problems in coverage on the small groups of 10 to 24 lives. Three of the toughest problems are how to have a workable acquisition and administrative expense ratio, how to avoid unreasonable selection, and how to provide sufficient service or keep persistency in enrollments high.

Many of the expenses on small group cases may be as great as those on the $5,000 or $10,000 groups. To overcome the expense factor, the insurer needs to have a substantial volume of small group business.

Also covering the small group cases, Frederick T. Googins, assistant group secretary of Massachusetts Mutual Life, stressed the need to cover this field, and brought out the problem of keeping costs comparable to the larger groups. Aquisition costs and administration economies are necessary.

R. A. Burns, assistant secretary of Travelers, discussing "Claim Problems in Relation to Underwriting Surgery," said the claim men would like to see the day arrive when standard printed and informative schedules can be adopted. This would clear up the

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Business Interest in Estate Planning Gets Minute Scrutiny at N. Y. Conference

NEW YORK—Legal, tax, and practical difficulties of the business interest in estate planning were discussed with a wealth of specific detail at the annual estate planners conference of the New York City CLU chapter. Moderator was Samuel L. Zeigen, general agent of Provident Mutual and a member of the New York bar. Others on the panel were Abraham S. Guterman, member of the New York law firm of Hess, Mela, Segall, Popkin & Guterman; William McKinley, vice-president of Bankers Trust Co. of New York, and David Zack, a CPA and member of the New York bar, a partner in the accounting firm of David Berdon & Co.

To avoid over-condensing, the conference discussion is being treated in two installments, the second to appear next week.

Copies of the transcript of the estate planners' day sessions are available at $2 a copy from Samuel L. Zeigen, 501 Fifth Avenue, New York 17, N. Y.

Mr. Zack began the discussion by stressing the importance of initiating the estate plan at the time a corporation is formed. By means of prudent tax planning the capitalization of a newly-organized corporation may be so arranged as to obtain maximum present income tax advantages and a favorable estate tax situation. Involved in this connection is the possibility of "thin capitalization," under which a corporation would be principally capitalized by means of debt obligations, with a minimum of common stock. This type of capitalization enables interest payments on the bonds to be deductible, which is not the case where dividends are paid on equity capital. In addition, reserves for meeting debt obligations would not run into unreasonable accumulation difficulties under section 102 of the internal revenue code.

Perhaps of most vital importance is the fact that the business man would be able to take out substantial amounts of his original investment through bond redemption, involving no more than a capital gains tax. This is not possible ordinarily, where the business man's interest is in the form of stock.

"Thin capitalization" may be coordinated early with family estate planning. The business man himself could hold all the common stock, thus insuring his complete control of the business. If other members of the family were given bonds, or preferred stock, or non-voting common stock, current earnings could be shifted to them and the business man would not be overloading his own estate with assets he does not require to run his business and conduct his normal economic life. At the same time a possible Treasury Department contention that the debt obligations were in fact equity capital would be overcome in view of the fact that the same person is not holding each in identical proportions.

Mr. Guterman affirmed Mr. Zack's emphasis that long-term planning should begin as soon as possible. In instances where the corporation is already in existence, it may be feasible to recapitalize so as to obtain the same advantages which Mr. Zack discussed with reference to newly-organized corporations. However, Mr. Guterman advised the utmost caution in re-capitalizations so as to avoid the imposition of tax on the basis that the re-capitalization is actually a "bail-out" of earned surplus. Wherever the course of action does not come within the spin-off, split-off or split-up provisions of section 112(b) of the code, a ruling from the Treasury is most prudent, Mr. Guterman pointed out.

Taking up the question of recapitalizing an existing corporation, its advantages and disadvantages, Mr. Guterman said it is a very unusual estate or estate planning operation which does not involve the problem of setting up the business in a form which will best effectuate the desires and intentions of the testator.

It was emphasized that a man may have a highly successful business and the more successful it is the more tied up it can be in tangible non-liquid assets. When there is a business coming up rapidly it requires a freezing of large sums in the corporation itself through constant plowing back of earnings.

If a man dies at a time when such a tie-up exists, the primary problem of estate planning is a problem of liquidity. In fact, Mr. Guterman said, most of the day's discussions would be found to be on the problem of liquidity, having available the kind of liquid funds needed to meet the expenses and taxes of the estate and place in the hands of beneficiaries a type of asset which will be particularly appropriate and fruitful.

"So, from the point of view of start-

(CONTINUED ON PAGE 12)

Jefferson Standard Acts to Boost Its Capital

A resolution to increase Jefferson Standard's capital stock from $15 million to $20 million by a 33 1/3 stock dividend was passed at the annual directors meeting. The board also voted a 20-cent extra dividend to stockholders and authorized an additional 5% bonus to home office and branch employes.

A gain of $98,573,964 in insurance in force brought the total to $1,235,240,-245. Sales topped the $150 million mark for the second consecutive year, reaching $163,154,573 in 1953. Assets now total $355,617,335. Benefit pay-m,ents totaled $15,436,907. Taxes paid were $1,506,442. Mortality experience continued to improve during 1953. The company continued to expand non-medical business and 74%% of the policies sold were issued without medical examination.

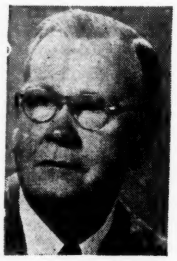
Hugo J. Meyer, El Paso, led the company in sales with $1,482,653.

• Jacob Metzger, president of Metzger Dairies, Dallas, has been elected a director of *Great National Life.*

Sullivan Midland Mutual President, Steinman Chairman

Midland Mutual Life has elected Chester O. Sullivan president succeeding George W. Steinman who has been named chairman. Mr. Steinman replaces B. C. Huntington who becomes chairman of the finance committee.

Mr. Sullivan joined the company in 1920 and seven years later was named assistant actuary. He was appointed actuary in 1939 and vice-president and actuary in 1947. Since 1950 he has been serving as executive vice-president. He has been a director since 1942.



G. W. Steinman

C. O. Sullivan

Mr. Steinman joined the company in 1912 after serving as an examiner with the Ohio insurance department. He was elected president in 1933.

The company has made five other home office promotions. Willis A. Steinman was elected a senior officer and named treasurer. Carl F. Woodmansee, special agency assistant, was advanced to assistant manager of agencies. Richard D. Metcalf, underwriter; William F. Timm, supervisor, policy issuance division, and David J. Trasin, editor of publications, were appointed junior officers.

Zalinski Sees '54 as Best

CINCINNATI--The year 1954 will be the "greatest year ever" in life insurance, E. L. G. Zalinski, vice-president of New York Life, told Cincinnati Assn. of Life Underwriters. He based his prediction on a growing economy, with a high level of purchasing power and an increasing population, together with the discovery of new needs for life insurance and the continuance of old needs.

Mr. Zalinski contrasted the time formerly when the life agent was looked upon as a "necessary nuisance," whereas today, his need is not questioned and it is simply a matter of whether he is the man who is to get the business.

The new LUTC graduates were recognized by W. Lewis Harrison, general agent of Aetna, state LUTC chairman, and the new CLUs by J. C. Scanlon, associate general agent, Equitable of Iowa, chapter president.

Metropolitan President on Series of Field Trips

President Frederic W. Ecker of Metropolitan Life has embarked upon a series of "get acquainted" trips that will enable him to meet personally members of the field force. He has recently journeyed to Atlanta, Washington, D. C., Chapel, N. C., and Hollywood, Fla.

Accompanying Mr. Ecker are C. J. North, group vice-president; Francis M. Smith, vice-president in charge of ordinary and industrial; R. A. Hohaus, vice-president and chief actuary; W. S. J. Shepherd, 2nd vice-president and field personnel officer; Karl H. Kreder, 3rd vice-president, and James F. Eubanks, superintendent of agencies.

Christgau OASI Director

Victor Christgau has been appointed director of the federal bureau of old-age and survivors insurance, succeeding Oscar C. Pogge, who resigned last spring. Mr. Christgau has been state director of the Minnesota division of employment and security since 1939. He is a former congressman.

• *Pacific Mutual Life* has promoted Herbert L. Sutton to personnel director, succeeding the late Richard K. Frank. Mr. Sutton formerly was manager of the policy issue department.

Metropolitan Boosts Dividend Rate 14%

NEW YORK—A revised and generally increased dividend scale has been authorized by Metropolitan Life for ordinary policies, effective May 1, the start of the dividend year. The total amount payable in dividends on ordinary policies will be about 23% larger than during the current dividend year. About 9% of the increase results from the greater amount of insurance in force, the new dividend scale being responsible for the remaining 14% increase.

Dividends on most policies will be increased, and the older policies will generally receive the largest increase. However, some classes of policies, particularly those issued in recent years, will receive a smaller dividend in the earlier policy years than under the present scale.

The total amount payable under the new scale will be about $110 million as compared with $89 million under the present scale.

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On proceeds under optional modes of settlement in ordinary and industrial policies issued at premium rates adopted Jan. 1, 1942, or later, excess interest has been increased one-quarter of 1%: Interest option, guaranteed rate 2%, excess interest 1%; instalment option, guaranteed rate 2¼%, excess interest three-quarters of 1%; life income option, 10 years certain, guaranteed interest rate is 2¼%, excess interest (payable only during the certain period) three-quarters of 1%; life annuity option guaranteed minimum return, guaranteed rate 2¼%, excess interest (payable only before total annuity payments exceeds amount retained by company) three-quarters of 1%.

These rates do not apply to proceeds of group policies, on which the current rates of excess interest are being continued.

The interest credited on dividends left to accumulate under policies issued at premium rates adopted Jan. 1, 1942, or later will be 3%, up one-quarter of 1% and is 1% higher than the 2% guaranteed rate. No excess interest will be credited on other supplementary contracts or dividends left to accumulate on which the guaranteed interest rate is 3% or higher.

Star for American Mutual

H. L. Wissler, Ames, Ia., was the leading producer in 1953 for American Mutual Life of Des Moines. William Hemman, general agent at Los Angeles, was second in paid production and first in paid premiums. He also is president of 1954 production clubs. The 22 members of the President's Club and 43 members of the Convention Club will receive an expense paid trip to the company's convention at Coronado, Cal., April 12-14.

L. A. Accountants Elect

Los Angeles chapter of Insurance Accounting & Statistical Assn. has elected these officers for 1954: President, Robert Webb, Prudential; vice-president, George Hedden, Founders' Ins. Co.; vice-president life and accident, Robert H. Harner, Pacific Mutual Life; and secretary-treasurer, Ivan J. Houston, Golden State Mutual Life.

Would Ease Okla. Group Rule

Oklahoma General Agents & Managers Club has forwarded a resolution to the legislature's insurance committee requesting authority for cities and towns to pay up to 50% of any premiums on group covers for their employes. Oklahoma cities and towns now are authorized to provide such insurance for employes only if the premiums are paid wholly by the group participants.

The resolution has been endorsed by Oklahoma City Assn. of Life Underwriters and Oklahoma A. & H. Underwriters Assn. Oklahoma Assn. of Insurance Agents is considering a similar resolution.

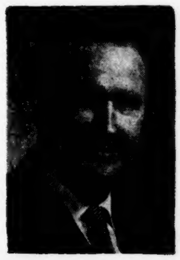
27 B. M. A. Managers Convene in Arizona

A meeting at Chandler, Ariz., brought together 27 branch office managers of Business Men's Assurance, who reviewed accomplishments in 1953 and mapped plans for 1954. Chairman W. T. Grant discussed the company's progress.

Others present were J. W. Sayler, vice-president in charge of sales; L. L. Graham, vice-president; and J. P. Baldwin, vice-president and manager at San Francisco. Presiding at various business sessions were H. G. Horn, manager at Portland and president of the company's managers association; N. B. Moates, manager at Nashville, and G. A. Diehl, manager at Milwaukee.

Whitsitt, Morris Made V-Ps of B.M.A.

Business Men's Assurance has elected G. B. Whitsitt vice-president in charge of claims and Jack R. Morris vice-president and director of public relations. Miss Catherine Smith has been named librarian.



Jack R. Morris

G. B. Whitsitt

Before joining B.M.A. as claim examiner in 1927, Mr. Whitsitt had been in the banking business and also with the Missouri department as an examiner. He was appointed claim secretary in 1949 and last year became assistant vice-president.

Mr. Morris has been with the company since 1932. He was made director of sales promotion in 1941, director of publicity in 1947, and director of public relations in 1950. He currently is president of Life Insurance Advertisers Assn. and a member of the public relations committee of LIAMA and H&A Underwriters Conference.

Miss Smith joined the company in 1920.

Prudential Names Ruhl as Regional Agency Chief

Prudential has appointed Carlyle P. Ruhl a director of agencies in the mid-America home office. He has been district manager at DuBois, Pa. He will supervise sales and service operations of 17 district offices in Indiana, with headquarters in the regional home office now under construction in Chicago.

Mr. Ruhl joined the company at Erie, Pa., in 1933 and later was manager at McKeesport.

● *Thomas F. Steele,* field supervisor of farm loans at St. Louis for Connecticut Mutual Life, retired Feb. 1, after 48 years of service.

Special Train Set Up for Saratoga Springs Meet

To accommodate the general agents and managers who will be leaving New York City the morning of Feb. 19 to attend the managerial conference of the New York State Assn. of Life Underwriters at Saratoga Springs, the Empire State Express has a temporarily blocked off section of seats for exclusive sale to the association. Reservation requests should be sent to Jack Manning, executive manager New York City Life Underwriters Assn., Hotel Statler, who is handling the city transportation arrangements for the state association. Fourteen dollars will take care of round-trip coach fare, one way seat on the Empire and the round-trip charter bus from Albany to Saratoga Springs and return.

Lumley Goes With B.A.R.E., to Enter Commercial Field

John H. Lumley, for eight years executive vice-president of Sterling of Chicago, has joined Benefit Assn. of Railway Employes as vice-president. For a year prior to his resignation a couple of months ago Mr. Lumley was acting head of Sterling. Control of Sterling was acquired some time ago by John MacArthur, president of Bankers Life & Casualty.

John H. Lumley

Mr. Lumley's appointment is part of a B.A.R.E. expansion program under which it will extend its writings into the commercial field. It has been writing life and A.&H. protection for railroad employes as well as industrial group coverage.

B.A.R.E. soon will announce a complete new line of A.&H., hospitalization and life policies, and the appointment of general agents in the 44 states in which it operates.

Urges A.&H. Standardization

George B. Brown, who represents New York Life at Oklahoma City and runs his own general insurance agency there, told members of Oklahoma Assn. of A.&H. Underwriters at their January meeting that the thing needed most in A.&H. insurance is standardization of coverages and standardization of exclusions.

Kennedy Succeeds Reid

New England Mutual has appointed James W. Kennedy as manager at Toledo. He succeeds Elsworth E. Reid, general agent since 1945, who is resigning his management duties to devote full time to his personal clientele. Mr. Kennedy entered life insurance in 1945 with Canada Life and became its manager in 1947. He opened a district agency for New England Mutual in Flint in 1950.

James W. Kennedy

Mr. Reid entered life insurance in 1931, joined New England as Toledo manager in 1943, and became general agent in 1945. He is a past officer of the Toledo CLU, life managers association, and life underwriters association.

Midwestern United Has Banquet

Leaders awards went to 75 persons at the annual award banquet of Midwestern United Life, held at Fort Wayne. President Phil J. Schwanz reported that the company's total in-force now is $75,193,018.

Offer N. Y. Courses

NEW YORK—Thirteen insurance courses, designed to help people in the business and executives who want a general knowledge of insurance in their administrative problems, will be offered by City College's school of business beginning Feb. 10. Courses will be given in principles and practice, general insurance underwriting and adjusting insurance losses, with specialized courses in fire, casualty and suretyship, group and pension, inland marine, ocean marine, life, workmen's compensation and disability, social security and A&H. Applicants who wish to take these evening courses may register at City College, 17 Lexington avenue, New York City.

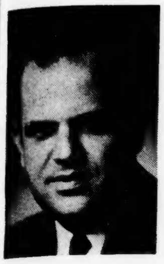
Plan for Cal. State Group

A special committee has been appointed to arrange details for a meeting March 3 at Los Angeles at which there will be a discussion of setting up a state A. & H. managers association.

• *The Munro agency* of Union Central Life at Oakland, Cal., at the close of 1953 was 10 places higher in the company's ranking of agencies.

Mass. Mutual Ups Four Executives

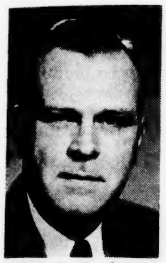
Massachusetts Mutual Life has elected Charles G. Hill 2nd vice-president, Rowland H. Long general counsel; Fred T. Googins, group secretary and Arthur Q. Faulkner underwriting secretary. Mr. Long succeeds John F. Handy, who has retired because of ill health.



Charles G. Hill

Mr. Hill joined the actuarial department in 1942 and has been group secretary since 1948. He is a member of the Ssociety of Actuaries.

Mr. Long was with Tanner, Sillcocks & Friend in New York City before joining Massachusetts Mutual in 1948. He became counsel in 1952. He received law degrees from Fordham and New York universities and is the author of the fourth edition of *Richards on the Law of Insurance*.



Fred T. Googins

A. Q. Faulkner

Mr. Googins, who joined the company in 1946 with experience in group and accident, has been assistant group secretary since 1948.

Mr. Faulkner joined the company in 1925 and has been assistant underwriting secretary since 1951. He is secretary of the Home Office Life Underwriters Assn.

Chauncey Scott Retires

Chauncey Scott, associate regional manager in the district agencies department's administrative division, has retired after 51 years of service with Prudential. He was honored at a luncheon given by President Carrol M. Shanks.

New Disability Rider

Continental American has brought out a new $10 per $1,000 of face amount disability income rider for preferred and standard policies, except term policies or policies with family income or home mortgage benefits extending beyond age 65.

There is the usual six-month waiting period. If disability occurs before age 55, monthly income of $10 per $1,000 face amount is paid to age 65 or prior maturity of the policy, premiums due after commencement of disability are waived, and the policy matures as an endowment at age 65 or on its endowment maturity date, if earlier. An unusual feature is that if disability occurs after age 55 and before age 60, not only are premiums waived but the policy matures for its face amount at age 65.

Osgood Heads Department

Milton L. Osgood, formerly district manager at Hillsboro, O., for Union Central, and since the first of the year associated with the Earls agency of Mutual Benefit at Cincinnati, has been appointed head of the agency's new planning department.

Mr. Osgood started with Union Central in 1930 in the home office and from 1939 to 1946 was technical supervisor in the home office agency. He served in world war II and Korea.

Jefferson Standard Promotes Gee, Crothers

Jefferson Standard has appointed Carlyle Gee superintendent of agencies and Abner Crothers agency secretary.

Mr. Gee has been with the company since 1925 in accounting and branch office work. He was named agency secretary in 1951.

Mr. Crothers joined Jefferson Standard in 1936 at Little Rock and later transferred to the home office. He was named assistant agency secretary in 1951.

Six Regionals for N. E. M.

New England Mutual's agency department will conduct six three-day regional conferences; at the Samoset, Rockland, Me., June 6-8; Grand hotel, Mackinac Island, Mich., June 16-18; Santa Barbara Biltmore, Santa Barbara, Cal., Sept. 26-28; The Broadmoor, Colorado Springs, Col., Oct. 12-14; Pocono Manor Inn, Mt. Pocono, Pa., Oct. 24-26, and General Oglethorpe hotel, Savannah, Ga., Oct. 31-Nov. 2.

Detroit Leads in Sales Gain for Month, Year

Detroit showed the largest rate of increase of any of the largest cities in sales of ordinary with December and 12 months' totals of 30% and 25% respectively, according to LIAMA. Other cities, with their respective percentage increases for December and the year, are Boston with 13 and 12; Chicago 9 and 15; Cleveland 6 and 13; Los Angeles 3 and 19; New York City 12 and 15; Philadelphia 11 and 17; and St. Louis —3 and 18%.

American United Life Alters Rates, Policies

Significant changes in policies and company practice, reflected in a new rate book for field men of American United Life, include discontinuance of the war clause, increase in limits for permanent plans to $300,000, and for single premiums to $500,000.

With respect to the war clause, the company will continue in certain areas to limit military hazards by rating, amount or plan, according to present or potential status of insured.

Other changes include: Full benefit when a child is six months old on policies issued at age zero; simplification of procedures for change in mode of first premium, with annual premium shown in all policies; a change of plan provisions in life and endowment policies which guarantees, in turn, a change to higher premium form during the first five policy years (cost equal to difference in back premium, plus single interest at 5% per year, or difference in cash value, plus 5%, if greater). On policies more than five years old the cost will be difference in cash value, plus 5%.

Also, an addition, with distinct policies for men and women, of income endowment at 60 and income endowment at 70 plans; addition to family income riders of attained age conversion privilege, based on computed value less $250 per $10 income unit; issuance of term policies in the lower substandard classifications, with conversion privilege included but limited to first five years. Attained age conversion period in 10-year term policy has been increased from 7 to 8 years. Finally, a five-year renewable term plan, renewable to age 65, has been added, and this may be set up also to renew for reducing amounts to meet mortgage redemption needs.

In illustration of the company's new low term premiums, at age 35 the gross premiums for a five-year initial term is $8.14 and the annual dividend 1954 scale is $1.26. At the same age these other figures apply: gross premium is $8.51 for a five-year renewable term and annual dividend scale is $1.26; gross premium $8.86 for 10-year convertible term and annual dividend scale is $1.38; gross premium is $8.29 for 20-year supplemental term.

Featured in the new rate book are a section devoted to comprehensive settlement option procedures and an expanded interest table, facilitating computations involving the 3¼% rate now allowed by the company on dividend deposits and non-withdrawable policy proceeds.

Bankers Nat'l Changes

Bankers National Life has made these policy changes: dividends will accumulate at 3% instead of 2½%. On a preferred risk ordinary life policy, this means that at age 35, by leaving dividends to accumulate and taking the 20th year cash value, there is now a net cost figure of 43 cents against a former net cost of $1.54.

Retirement income policies maturing at ages 55, 60 and 65 will now provide for lifetime income with 120 months certain instead of 100 months, with no change in premiums or non-forfeiture values.

New premium rates were announced on these term contracts: annual renewable term to age 65, five year term, 10 year term, preliminary term, level premium term to age 65, guaranteed provider and 20-year term.

In the family income agreement, it is now possible to arrange for an immediate cash payment to the beneficiary upon the death of the insured within the family income period selection. The relation of immediate benefit to monthly income cannot be varied—that is, for each $1,000 of insurance, the immediate benefit must be $200 when the monthly income selected is $20. These cash payments will not affect the monthly income or the net proceeds payable at the end of the family income period.

• *Lubbock, Tex., General Agents & Managers Club* heard a talk by S. J. Hay, president of Great National Life.

Hiner gets Franklin Post

Franklin Life has appointed Edwin E. Hiner manager in north central Washington, with headquarters at Wenatchee.

Edwin E. Hiner

Mr. Hiner entered insurance after army discharge as an agent for Lincoln National Life at San Diego, Cal. In 1946 he was appointed northwest regional manager for Gibraltar Life.

Pru Opens New Agency

Prudential has named John B. MacDonald to head its new agency at 200 Front street, Hempstead, N. Y. Mr. MacDonald, who resigned as athletic director at Hofstra College to join the company in 1950, has been manager of the Hempstead branch of the Jamaica agency since 1952. He is a CLU.

Hammer Appoints Supervisor

W. O. Vernon has been appointed supervisor in charge of production of the Hammer agency of State Mutual Life at Tampa. He has been with Life & Casualty. He is a CLU and an air force veteran.

Hear Leiley at Philadelphia

Edwar Leiley, general agent for Mutual Benefit Life at Philadelphia, addressed the annual conferment luncheon of Baltimore CLU chapter. Diplomas were awarded to three CLU's.

• Four directors will be elected by *Policyholders Mutual Savings Life* at their annual meeting Feb. 9 at St. Louis.

TRAVELERS PROMOTIONS

2nd Vice-President Rank for Seven

Travelers has advanced the following to the newly created post of 2nd vice-president:

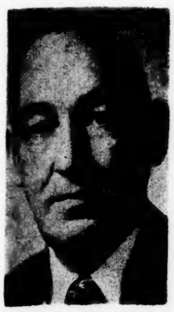
S. Gwyn Dulaney, who has been secretary of the group department

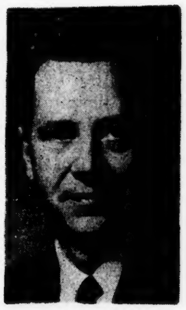

S. G. Dulaney


L. R. Lyman

since 1950. He joined Travelers in 1927 as a group field service representative and has served in Boston, St. Louis and San Francisco as well as at the home office.

Robert E. Fee, who has been secretary of the methods and planning department since 1947. He has been


F. H. Williams


S. T. Tooker

with Travelers since 1919 in Worcester, Minneapolis, and the home office. He is a navy veteran of the first world war.

David L. Kempf, who has been secretary in charge of the branch office administration department since last February and a secretary of the department since 1951. He joined Travelers in 1928 and has served at Indianapolis as well as at the home office.

Louis R. Lyman, who has been secretary in the life department since 1949 and with Travelers since 1914. He is an army veteran of the first world war.

Sterling T. Tooker, who has been secretary of the personnel department since 1947. He joined Travelers in 1935 in the life actuarial department. He is a navy veteran.

Foster H. Williams, who has been secretary of the group department since 1950. He joined Travelers in 1925.

Charles J. Haugh, who joined Travelers in 1944 as secretary of the compensation and liability department.

Tex. CLUs Hear Rosson

San Antonio CLU chapter heard Frank M. Rosson, attorney, discuss problems presented by the Texas insurable interest law passed by the 1953 legislature. He reviewed the situation in regard to court law which governed prior to the passage of the new law, which restricted the insurable interest to those who appeared to have reason to desire the continuance of the life of the insured. Mr. Rosson said that while the law created a new basis for insurable interest, it is probable there will be some litigation as to the exact meaning and its effect, pointing out that the law limits to those applying for the life insurance the power of designating the beneficiary. He stated there is no provision for a third party application.

General American Marks Completion of Remodeling

General agents advisory council of General American Life held its first 1954 meeting at the company's home office at St. Louis. An open house, following the session, marked the completion of a modernization and home office improvement program.

Retiring Council Chairman Dennis G. Colwell was honored at a dinner at the home of President Powell B. McHaney, and received a handsome gift. Present members of the council are Chairman Gordon Tyler, Tulsa; Allen Ogilvie, Los Angeles; Lewis C. Callow, Memphis; Fred F. Sale, St. Louis, and Leo R. Schuster, Jr., El Paso.

Special guests at the open house were four agents who led the company's President's $60 million campaign. They were Elmer Rosenthal, James Roberts and Adam Rosenthal, all of St. Louis, and Mr. Schuster.

The modernization program includes complete air-conditioning, wiring and lighting, sound-proofing, new restrooms and elevators, and a redesigned cafeteria with a class room and employes' lounge.

Win Mutual Trust Awards

The Mutual Trust Life Edwin A. Olson Achievement trophy for 1954 has been won by the Bergen-Eiber agency at Brooklyn. Harry Weinberg of the Tiedemann agency at New York City won the Olson award for producers.

The Bergen-Eiber agency has been the company's largest in the New York area for several years. Mr. Weinberg led all company producers both in life and volume for 1953.

N. Y. Life Advances Gill

New York Life has appointed Edward T. Gill as assistant district supervisor in charge of the New York City uptown group office at 290 Madison avenue. He was formerly in charge of the Syracuse group office. He also served as home office representative in the San Francisco group office. Before joining New York Life he was in the San Francisco office of the American Associated insurance group of St. Louis. He is a marine corps veteran.

Ariz. Bill Plans to Set Up Separate Insurance Unit

As a supplement to the proposed new Arizona insurance code, there has been introduced in the legislature a bill to set up a separate department of insurance under which the governor would appint the director with the advice and consent of the senate. Salary would not exceed $9,600 a year, and the director would serve a four-year term. The bill provides that George Bushnell, the present commissioner-appointed director, would continue in the new office until a successor is named, which cannot be until Jan. 1, 1955.

The bill provides that the office of the director will be a full-time position and that he shall not serve on or under any political party committee or engage in any political campaign.

Sheehy Brokerage Supervisor

The White & Winston agency of U.S. Life in New York City has appointed William L. Sheehy as brokerage supervisor. He was formerly assistant manager in the life department for the New York City brokerage firm of McCooey & Schmitz and before that was an agent for Equitable Society in N. Y.

EDITORIAL COMMENT

Call It a Subsidy, Not Reinsurance

It begins to look as if the same thing is going to happen to the fair name of reinsurance that happened some years ago to the word "insurance": That governmental planners will take it and give it a meaning quite different from its generally accepted meaning, as was done in devising the term social "insurance."

What we are talking about specifically, of course, is the administration's "reinsurance" plan for major medical expenses. Nothing that has been disclosed thus far looks like reinsurance in the sense that insurance people use the word. The need is not for reinsurance, anyway, and there is no logic in calling something reinsurance when it is nothing of the sort. Thus far, the plan looks like a government subsidy and if that is what it is, that is what it should be called. If the plan is any good, it doesn't need the reinsurance tag to make it look better. If it is masquerading as something it isn't, then it shouldn't have the benefit of so honorable and highly respected a name as reinsurance to aid in the imposture.

In some ways, the attempt to take over the term "reinsurance" is even more exasperating than the misuse of the "insurance" to designate a wealth-redistribution system having little similarity to real insurance. Reinsurance is a more precise and technical designation than insurance, so its misuse seems inexcusable. In the specialized business of insurance, reinsurance stands out as being super-specialized. What other business in the world has retrocedents? Or retrocessionaires? Or bordereaux? Will these terms also be taken over and applied in ways alien to their long-understood meanings?

We hope that the Eisenhower administration will come up with a health plan good enough so it doesn't need to misuse the good name of reinsurance in an effort to make the projected system look better than it is. If a subsidy is needed, let it be called that, not reinsurance. Certainly, nobody in the reinsurance business wants to have his company's endeavors associated in any way with the idea of subsidy.

The Favorable Factors Are Still Here

Now that the annual statement figures of life insurance companies are beginning to be published, they make it clear beyond any doubt that 1953 was the greatest year in the history of the life insurance business. The life companies generally not only wrote more new business and gained more in force than in any other year, but they recorded record-breaking gains in assets, surplus, reserves and showed considerable improvement in both interest earnings and mortality experience. Every phase of the operations of nearly all life companies were on the plus side last year.

What happened in 1953 is now a matter of history, but we feel sure that the records are going to be studied eagerly, carefully and in detail. They will show what a well-managed life insurance company is able to accomplish under unusually favorable conditions.

But with 1953 behind us, what are the prospects for the current year? We believe they are good; that they are very much better than average. In the first place the life insurance business has gained a great deal of momentum during the last several prosperous years. This was especially true in 1953. Most companies and certainly most agency organizations were "rolling" last year. Agency heads, managers and agents had the feeling of success and accomplishment in 1953. The men in the field found less resistance on the part of prospects. They discovered a willingness to buy larger policies. They encountered many who agreed that the amount of life insurance being carried was insufficient. They had more referred leads from a life insurance conscious public. Prospects were more numerous than ever before and prospecting easier.

All of this is not going to vanish in 1954. It is probable that it will be modified to some degree, but not markedly. All of those who are realistic recognize that there is likely to be some decline in general business. Certain lines will suffer more than others. There is to be apparently a normal, orderly and perhaps even healthy adjustment of the general economy, but only an alarmist would predict that there is to be a sharp and harmful decline.

The lessons that life insurance men learned in the boom year of 1953 are not going to be forgotten. The active life insurance man who organizes his time and works according to plan is not going to find 1954 selling conditions to be very much different from those that prevailed in 1953. The conditions that produced a favorable selling climate last year are still present. Chief among these is the fact that prices are so high that it is still almost impossible for the average man to accumulate an estate in any other way except through the purchase of life insurance. Employment will decline only moderately, salaries and wages are likely to remain at approximately their present levels and so, for as far ahead as it is now possible to foresee, life insurance men will still be able to encounter an abundance of prospects with relatively high incomes who are almost obliged to turn to the purchase of life insurance for a sound and assured financial future, because high living costs will continue to make any other financial security for the family unattractive, unobtainable or unfavorable by any standard of comparison.

PERSONALS

Henry E. North, vice-president of Metropolitan Life in charge of the Pacific coast branch, has been named chairman of San Francisco "Boy Scout Week", to be held Feb. 6-13.

Charles H. Yardley, vice-president of Penn Mutual Life, will preside at a session on "Executive Compensation" at the eastern spring conference of Controllers Institute, to be held March 21-23 at Washington.

C. W. Sulier, general agent of Fidelity Mutual Life at Lexington, Ky., has been appointed by Mayor Fugazzi to a "greater Lexington committee" that will study solutions to various urban problems.

John Moyler, Jr., assistant vice-president and public relations director of Life of Virginia, has been elected a director of the Savings Bank & Trust Co. in Richmond.

Wilbur L. Jenkins, Jr., manager of Life of Georgia at Richmond, Va., received the junior chamber of commerce distinguished service award as Richmond's "outstanding young man of the year."

Samuel A. Fitch, associate counsel of John Hancock, has been elected president of the Longwood Cricket Club.

Lee P. Stack, vice-president of John Hancock Mutual, has been elected a director of Northern Ins. Co. of New York.

H. Ladd Plumley, president of State Mutual Life, has been elected president of the Worcester Chamber of Commerce.

Orville F. Grahame, vice-president and general counsel of Massachusetts Protective and Paul Revere Life, has been admitted to practice before the U. S. Supreme Court.

Sherwin C. Badger, financial vice-president New England Mutual, has been elected a trustee of the Beaver Country Day school in Chestnut Hill, Mass.

Francis A. Harrington, vice-president and group secretary of Massachusetts Protective and Paul Revere Life, has been appointed chairman of the special gifts division in the Worcester, Mass. 1954 American Red Cross drive.

DEATHS

JAMES F. O'NEILL, 75, former manager of Monumental Life at Kansas City, died there. He opened the company's Kansas City office in 1926.

HENRY D. P. THOMAS, 55, with Midland Mutual at Baltic, O., died at his home there of a heart attack. A few nights ago he received a company production award at an agency gathering at Columbus. At one time he was mayor of Baltic.

FOREST E. CASE, 64, of the Johannsen agency of Northwestern Mutual, died at his home in Chatham, N. J.

MRS. WILLIAM J. SIEGER, whose husband is vice-president and superintendent of agencies of Bankers National Life of Montclair, died at St. Clare's hospital, New York City, after a short illness.

VICE-ADMIRAL HARRY G. HAMLET, a member of the board of United Services Life, died. Funeral services at Bethesda, Md., were followed by a military burial in Arlington National Cemetery.

MILLARD WILLMORE REDFORD, 64, former manager of Old Dominion Life at Franklin, Va., died at Roanoke.

MAX I. BLASBALG, 76, for 22 years an agent for New York Life at Kansas City, died.

NAIC Sets Up Mail Order Committee

Commissioner Murphy of South Carolina, president of National Assn. of Insurance Commissioners, has appointed a committee on mail order insurance in connection with the U. S. Senate judiciary committee investigation. Allyn of Connecticut is the chairman and the members are Martin of Louisiana, Vice-chairman Leggett of Missouri, Bohlinger of New York, Jensen of North Dakota, Barrett of Illinois, Maloney of California and Mr. Murphy ex-officio.

Washington Nat'l Expands Board

Washington National has elected as directors Eugene L. Voss, president of Evanston State Bank & Trust Co.; John Nuveen, partner of John Nuveen & Co., and C. H. Kendall, company vice-president. This increases the number of directors to 19.

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BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—607 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

Dr. Columbo Medical Director of Nat'l, Vt.

National Life of Vermont has promoted Dr. Harry L. Columbo, associate medical director, to medical director, elected Dr. Murdo G. MacDonald of Burlington, Vt., assistant medical director, named Dr. Ellsworth L. Amidon, also of Burlington, medical consultant, and promoted Kirtland J. Keve, director of agents training, to assistant superintendent of agencies in charge of training.

Dr. H. L. Columbo

Dr. Columbo succeeds Dr. Andrew J. Oberlander, who went to Chicago a few months ago to join Prudential's medical staff.

The medical staff elections mark a reorganization of the department. A fourth member, Dr. John L. Saia of Barre, Vt., was elected assistant medical director last year.

Dr. Columbo joined National Life as assistant medical director in 1946 and was elected associate medical director last year. He is an alumnus of University of Vermont medical school and University of Pennsylvania postgraduate school of internal medicine.

Dr. MacDonald will join the company in July when he completes a two-year residency in internal medicine at Mary Fletcher hospital, Burlington. He received his medical degree, cum laude, from University of Vermont.

Dr. Amidon is chairman of University of Vermont's department of medicine and medical director of Mary Fletcher hospital.

Mr. Keve, a CLU, was with National Life's Bender agency at New York before going to the home office in 1949. He was engaged in private practice of law in New York City until his entry into military service.

Cottrell Gets Western Sales Post for Bankers L.&C.

Bankers Life & Casualty has appointed John R. Cottrell western regional sales manager with headquarters at Denver. Stanley E. Kelley, formerly manager at Albuquerque, N. M., will be his assistant. The western region consists of Arizona, Colorado, Montana, Nebraska, Nevada, Utah, Wyoming, Idaho, Washington, Oregon and part of Texas.

Mr. Cottrell has been with Bankers since 1947, most recently as Denver manager. He is president of Colorado Assn. of A. & H. Underwriters, and a navy veteran.

Starting with Bankers at Miami in 1949, Mr. Kelley served at Denver before going to Albuquerque in 1951.

Green Now General Agent

General American Life has appointed Kenneth J. Green general agent at Belleville, Ill. He joined the company's home office in 1934, and for the past several years has been Illinois agency supervisor.

Set Gen'l American Record

St. Louis agencies of General American Life set a new high of $14,800,000 in individual life sales in 1953, an increase of $2,800,000.

The company's St. Louis sales are handled through a multiple agency system consisting of seven individual units headed by district managers, all with centralized headquarters in the home office. When the system was established in 1948, annual sales were $5 million. Leading unit in 1953 was the Adam Rosenthal agency.

Ex-Secretary of Commerce Union Central Director

Charles Sawyer, member of the Cincinnati law firm of Dinsmore, Shohl, Sawyer & Dinsmore, and former Secretary of Commerce, and William H. Mitchell, president of the Mitchell Steel Co., have been elected directors of Union Central Life.

Elmer Best, assistant treasurer, was elected assistant vice-president and Dr. Louis Schwab was elected assistant medical director.

Crown Life Has Several Home Office Promotions

Crown Life has promoted J. D. Jamieson from superintendent of mortgages to mortgage vice-president, and I. M. Gilbert from superintendent of agencies to agency vice-president.

In other promotions, H. W. Kinnear becomes mortgage superintendent, N. D. Campbell actuary, J. E. Moore comptroller, and G. N. Watson group manager and actuary.

Empire L. & A. Promotions

Empire L. & A. of Indianapolis has made the following home office promotions: Robert B. Rhoads, Jr., formerly assistant treasurer to vice-president and administrative officer; Fred S. Smith, formerly auditor to controller; James W. Hurt, formerly assistant secretary to assistant vice-president in charge of claims.

Also, Ben. W. Rubush to assistant vice-president in charge of the ordinary department, Myrl I. Hinckley to assistant secretary, J. Louis Smith to assistant treasurer, and Chester L. Blanchard to assistant controller.

Elder Succeeds Lauer

R. A. Elder has been appointed general agent at Williamsport, Pa., for Equitable Life of Iowa, succeeding R. G. Lauer who is retiring after 35 years in that position. Mr. Lauer was honored at a testimonial dinner there at which Ray E. Fuller, agency vice-president, was host.

R. A. Elder

Mr. Lauer has been a member of three of the company's general agents advisory councils. He now will devote his time to personal production.

Mr. Elder joined the Williamsport agency in 1935. He is a navy veteran.

Franklin Life Leaders

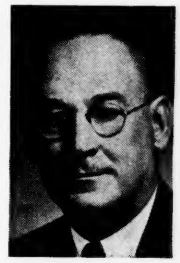
Sixty-seven agencies of Franklin Life exceeded $1 million in net paid production during 1953. The Philadelphia division led nationally with more than $17,500,000 net paid. Mitchel Milicevich, Colorado Springs, led in personal production.

Lubbock Managers Elect

Pat Wiman, Republic National Life, has been elected president of Lubbock Life Managers & General Agents Conference to succeed Marshall Farrell of Great American Reserve. Other new officers are: 1st vice-president, Clifton Haynie, Southwestern Life; 2nd vice-president, Dudley Hunter, Commercial & Industrial Life, and secretary-treasurer, J. R. Eagan, Amicable Life.

Gen'l American Names S. W. Souers Chairman

Sidney W. Souers has been named chairman of General American Life. He succeeds Walter W. Head who has been in ill health for some time and who becomes honorary chairman.



S. W. Souers

A member of the company's board and executive committee since 1936, Mr. Souers resigned as executive vice-president in 1940 to go on active duty as a lieutenant-commander in the navy. He rose to rank of rear admiral, later served as executive secretary of National Security Council and then as special consultant to the President. Since 1951 he has been chairman of General American's executive committee.

● *The Earl C. Jordan agency* of Massachusetts Mutual Life at Chicago in January had its best production month, the paid-for volume amounting to $2,064,749. The previous high of $2,014,152 was set in December, 1926.

Equiowa Promotions to Church, Swisher, Rice

Equitable Life of Iowa has appointed R. A. Church assistant general counsel and S. A. Swisher and J. E. Rice assistant superintendents of agencies. C. L. Sampson, vice-president of Northwestern Bell Telephone Co., Omaha, has been elected a trustee.

Mr. Church has been with the company 15 years and has been counsel since 1948.

Mr. Swisher, son of S. A. Swisher, Jr., a former agency vice-president of Equitable, joined the company as an agent at Des Moines after army service. He was advanced to field supervisor in 1945.

Mr. Rice, whose father, J. E. Rice, was general agent for the company at Washington, D. C., before his retirement, started with Equitable as an agent at Washington after navy service. He was promoted to field supervisor of eastern agencies with headquarters at Washington in 1950. He will continue to have headquarters there.

Treat Business Interest Phase of Estate Planning

(CONTINUED FROM PAGE 3)

ing the estate planning operation, we have a man who has a large interest in a close corporation which is highly successful," Mr. Guterman said.

The man may have a son in the business or he may have daughters. He may have no person closely related to him in the business and he may have key men who are actually helping him to operate the business. In either of those situations, there are different motivations for different types of securities.

In the case of a daughter it might be desirable to put the daughter's interest in preferred stock and have the business owner's son who is in the business take the voting common stock and exercise the control needed to run the business. If a man has only key men, no sons or daughters in the business, he may very well wish to give those key men an inducement to continue in the business.

In the final analysis his ability to realize the sale value of the business, if he is going to withdraw completely from the business and have the key men buy him out, would depend on his ability to give these key men the type of interest in the corporation which they will need to build up their own assets and have an incentive to buy him out at the time of his death.

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The situation is much more complicated when there is an existing business and the owners are attempting to recapitalize. It was formerly considered gospel that if you issue a dividend —preferred stock—that that is a taxable dividend and it has been so held in various cases. The Treasury has contended that if you issue preferred stock and shortly thereafter dispose of the preferred stock the Treasury will say that although your individual steps would seem to be within the tax-free area the Treasury will contend that in substance it was an indirect method of siphoning off surplus from the corporation, with the result that at the moment of sale, instead of being treated as a capital transaction it will be transformed and treated as if it were an ordinary dividend at the time the dividend was declared.

Because of this attitude of the Treasury Department it has now become extremely risky to go through with a simple declaration of a preferred stock dividend on the common for the purposes of a plan that one would normally contemplate. For example, preferred may be desirable to set up a trust for a wife or children. This type of transaction is no longer safe without a ruling from the Treasury Department.

The Chamberlin case was mentioned. The tax court held that where there was a prior arrangement for the disposition of the preferred stock issued to the common stockholders, and then sold by them to an insurance company, and the corporation later redeemed the preferred, there resulted a taxable dividend. Sixth circuit court reversed the tax court decision, but that is only on decision. An application for certiorari has been filed but the U. S. Supreme Court has not indicated whether it will accept the case. The point is that it is so risky now that without a ruling one should not go forward.

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One ruling that Mr. Guterman obtained in this connection was permission to issue preferred stock on common for purposes of making gifts to members of the family or to make transfers in specified amounts to a foundation. In that type of ruling the Treasury has ruled in this particular situation that it will be treated as a tax-free stock dividend but the reservation is made that if it is ever disposed of or sold either by the transferee or by the person himself the Treasury reserves its right to reconsider whether it was in fact essentially equivalent to a dividend.

There was a case in 1948 in which key men were involved. In that situation, the corporation wanted to sell common stock but the price of the common would have been too high for the key men to pay. The company asked whether there would be the possibility of a taxable dividend if it went ahead and issued preferred stock on the common, thereby reducing the value of the common to a point where it could be bought by the key men. The Treasury Department ruled that even though the key men later on sold their common the preferred issue would not be a taxable dividend.

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Mr. Guterman noted that the Treasury has not ruled that it is a taxable dividend when common is issued on common.

Mr. Guterman mentioned that the stock may reach a point in value where it may be too high to dispose of to key men. How can that problem be handled?

Situation No. 1: Suppose a business has a large parcel of real estate on which the plant of the business is located. The business is conducted there. The plant is not essential to the operation of the business but it is very useful. In this case, it might be possible first to "spin off" the plant into another corporation.

This term "spin-off" has taken on a certain technical meaning, Mr. Guterman explained. A spin-off occurs when a corporation transfers assets to a newly created corporation and takes back in return all stock of the new corporation and then distributes stock to shareholders of the original corporation. Under 112(b)(11) there will be no tax imposed on the shareholders and the basis of all the stock held by the shareholders will be apportioned among the new and the old stock.

A spin-off under section 112(b)(11)

has been sanctioned as a proper type of reorganization and will be held to be a tax-free transaction and also with approval, of course, it is possible that in the situation described to have the building, which represents a very sizable asset, removed from the total assets of the corporation, thereby reducing the value of the stock and then the corporation is in a position to sell the stock to the key men at a price they can afford.

The man who is making these arrangements for his own estate may be vigorous enough to feel that his demise is going to be a long time in the future and does not want to dilute his control of the business. He is anxious to have two men participate and have a real interest but he wants to maintain control. This is a perfectly natural approach.

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In that connection there is a possibility of creating a new common stock, common A and common B. The common B has no vote. The owner is then in a position, if he can create that kind of stock, to sell the B stock, as much of it as he wants to, without endangering his voting control.

Mr. Guterman mentioned something a little outside the stock dividend situation. Under section 112(b)(2) of the internal revenue code there is a provision for exchange of common stock for common stock or preferred for preferred. In Mr. Guterman's example, common A or common B stock issued in exchange for common would come within this section of 112(b)(2).

Mr. Guterman mentioned a ruling that just came out that provides another technique for taking care of this sort of situation. That is revenue ruling 54-12, which appeared in the *Internal Revenue Service Bulletin* of Jan. 12.

"This was a case where there was common and preferred stock and a key man was vitally interested in the business and he had, let's say, 35% of the stock and members of the owner's family had the balance," said Mr. Guterman. "What he attempted to do there and what was ruled proper was: They sanctioned the creation of a second preferred stock. They sanctioned an exchange of the second preferred for common of the other parties. So in the end the result enabled the key man to run his ownership up from 35% to 50% without running into any complications such as have been described."

Why a stock redemption agreement among stockholders of a close corporation is an important part of their business arrangements was the question discussed by Mr. McKinley.

He said the unfortunate part of the situation of many men operating a close corporation is that they devote so much time to running the business that they often overlook what might happen on their death. Another unfortunate feature is that a good part of the owner's wealth may be tied up in the business. That there should be some sort of agreement among the stockholders of a closely held corporation is apparent. The type of agreement to be used may either be the usual buy-and-sell or stock purchase agreement or an option or a first offering. The type actually used will depend on the circumstances.

The solution is very often delayed until it is too late. The owner of the business dies without having given sufficient consideration to the problem. Of course it may well be that someone working in the business with the owner would have an interest either acquiring all or a part of the business. Or the owner might consider the possibility leaving the business outright to some relative, such as a son or grandson.

But when so much of the estate is tied up in the business it becomes a real problem what is going to happen to the family in the event of the owner's death.

In addition to other advantages, some form of sale agreement is desirable because the agreement will then serve as some measure of value for tax purposes, particularly if it is in the nature of a buy-and-sell contract. It will also insure the continuation of the business without interference and perhaps at the same time assure the owner, his estate, or his family of adequate proceeds from the sale of the business.

There is a way in which insurance can play a part in some types of agreements, particularly the buy-and-sell, because usually key men in an organization do not have the funds available, so the insurance method becomes one of the most useful methods of funding.

If the owner of the estate or the business does not do the proper planning, the problem remains for the executor to solve and the consequences of it may involve liquidation of the estate at a serious sacrifice to the family.

Mr. Guterman remarked that what Mr. McKinley said was quite correct, that the vital function of these agreements is obvious in estate planning but there is one fact that must be emphasized and that is that unless such an agreement is effected the element of forced sale and possible loss on the sale will result in a realization far below any true value. And frequently the only way the owner in a close corporation of this kind can get any realization of what he has built up during his lifetime is by some agreement that will legally commit those who will take over the business and who are prepared to give proper weight to its future potential and therefore are prepared to pay out an amount that comes within a reasonable range of a fair value. These arrangements are also vital for other reasons than for this forced sale angle.

Regardless what a person thinks he,

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is doing for those who will survive him, whether as key men or someone else, frequently these plans are the only means of realizing anything like the fair value of a man's assets in a close corporation after he has died.

There was considerable discussion of section 115(g)(3) as to what are some of the techniques that can be used under this section and what are some of the pitfalls.

Mr. Guterman said that it is first necessary to understand 115(g)(1), which says that the cancellation or redemption of stock by a corporation which is substantially the equivalent of a taxable dividend is to be treated as a taxable dividend. There are many situations where a redemption is not equivalent to a taxable dividend. However, with that sword of Damocles overhead, it is important to know at least where the Treasury Department concedes the possibility of redemption without a taxable dividend being asserted.

Mr. Guterman said the reason this is so important is that the most popular and common method today for working these problems out is to have the corporation itself buy out the deceased stockholder's interest and it is because of that that the problem of redemption becomes exceedingly important.

The Treasury Department has said that a cancellation or redemption of stock in which the stockholder ceases to have any interest in the corporation will not be treated as a taxable dividend. This means that if a man's stock on his death is bought out 100% and he ceases to continue to have an interest in the corporation, that is free of ordinary income tax.

What kind of interest an owner might have that might affect the completeness of the severance got some discussion. The mere fact that the corporation might be paying him out over a period of years against notes which have been issued does not constitute the kind of continuing interest that would incur a tax liability. Nor would some other collateral types of arrangements which do not affect the fact that the owner's equity position in the corporation has gone.

Frequently in the type of situation being discussed there are members in the family who have continuing interests. It is entirely possible that there may be trusts that have been created out of preferred stock and there might have been transferred common B (non-voting stock to close members of the family) and these members of the family might be the beneficiaries of the man's estate so that the question that comes up is whether if the corporation buys out all the stock, in that case does the fact that the same members of the family may be beneficiaries of the estate constitute a continuing interest.

The Treasury Department has judged such situations on the basis that there is no true severance because of the continuing family relationship, under which the members of the family will receive stock or have already received it.

As a matter of fact, there is a proposed regulation which has remained proposed for longer than any regulation in memory, which deals with this question of complete severance as a basis for a tax-free redemption. It says that the fact of a close relationship should be considered with other facts to determine the completion of the severance. At least that represents the thinking of the Treasury Department but for some reason the promulgation has been stayed. It is important to remember that in this kind of situation where complete severance is called for. The fact that there will be family interests that continue to have an interest may decide the tax freedom in that kind of redemption.

The existence of the buy-and-sell agreement, however, may very well dispel any arguments of the commissioner of internal revenue that there is any kind of 115(g)(1) type of dividend that will incur tax liability because presumably the stockholders' agreement is drawn up ahead of time and there can be no argument by the commissioner that this is an attempt to siphon off the corporation's earned surplus. Moreover, there is a business purpose in the continuity.

Hence, where there is a binding buy-and-sell agreement involving a complete buy-out it is doubtful that the commissioner could successfully maintain that that represents a distribution equivalent to a taxable dividend, and hence taxable as such.

The problem raised by this difficulty of redemption made it difficult to obtain any kind of liquid funds from a man's estate with which to meet taxes.

There was then enacted section 115(g)(3), which was designed to make available to a decedent's estate the privilege of redeeming enough stock through a partial redemption so that sufficient cash could be obtained for the payment of all his death tax obligations.

There may be liquid funds in the estate which will be sufficient to pay the tax. Section 115(g)(3) is a right granted under specified objective conditions and has nothing to do with whether the estate has an immense amount of liquid funds, more than adequate to pay taxes.

The conditions for fulfilling the requirements are technical and very important.

Despite the fact that section 115(g)(3) is designed to enable an estate to obtain liquid funds with which to meet death taxes, nevertheless, the funds obtained on partial redemption do not in fact have to be so used. The only restriction is that the amount received must not exceed the total of death taxes imposed.

There has probably never been a section of the code enacted which has more value to the insurance fraternity than section 115(g)(3) because a growing corporation is not usually in a position in which it can use up all its cash reserves to make use of 115(g)(3) and here is a situation where without any agreement one way or another the expectation of the need for this redemption gives rise to the necessity for having on hand adequate liquid funds.

Mr. Guterman said he knows for a fact that a great deal of life insurance

has been sold on the strength of the expectation of the redemption under section 115(g)(3) of part of the stock of the decedent stockholder. In that connection he said he should mention that there are frequently vital and important planning reasons why a man does not wish all his stock bought out. He wishes to have members of his family continue to participate in one way or another in the business which he has built up. If the man has built it up it represents a return far greater than might be realized from other types of investments. So there is the incentive to utilize this method that has been handed to the taxpayer by section 115(g)(3).

The first requirement to have this kind of a redemption is that the stock must represent more than 35% of the man's gross estate. That means *gross* estate, and it is important to keep that figure in mind so as to keep above the 35% and because if he falls below it he will not be afforded the redemption privilege. The redemption has to be made within three years and 90 days after the filing of the federal estate tax return. The federal return must be filed within 15 months from the date of death. If the tax return is filed too early the executor is cutting down the available redemption period. If the estate wants the longest period of time in which to decide on the redemption it is best to use the maximum filing period of 15 months and thus date the redemption period of three years, nine months from this latter date.

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The amount of immunity is the total of death taxes, state and federal of any kind, plus interest. Also any redemption after Sept. 30, 1950 is permitted even if the man died before. It may be possible in certain situations to extend a helping hand and not to think that because a man died at an earlier date he cannot get the benefit of this kind of redemption.

Mr. Guterman said it is worthwhile to mention that the Treasury Department thought that the only type of stock which should properly be allowed to be redeemed as stock was the stock which was subject to the impact of tax. What does that mean? Suppose, for instance, that a man's will provides that he leave all his stock to his son and the entire residuary estate to his daughter. Then he puts a clause in his will that says that all estate taxes are to be charged against the residuary estate. Under Treasury rulings, the son could not redeem stock under section 115(g)(3) because this stock did not bear the tax impact. However, as a result of a terrific hue and cry that this was legislation on the part of the Treasury and was not in the law, this was thrown out and now it is all allowable, but if the legatee of the stock transfers it to a stranger the stranger can no longer redeem it and get the benefits of 115-(g)(3). That is the only exception.

In connection with 115(g)(3) there are certain things which should be highlighted:

It makes no difference whether one is an insurance man or an accountant or a lawyer. One should at least be familiar with the points of peril, what should and should not be done. By knowing these the type of service one can render is enhanced tremendously. It is not necessary to know all the technical details, but only to know what elements are present.

These points are vital: That the 35% of the gross estate is not confined to the testamentary estate but takes into account the entire gross estate to which the federal estate tax law applies. That is important. The testator may forget to mention about certain transfers in trust, with the result that they may be taxed as part of the estate and the 35% figure will be haywire.

"So you must remember that in judging the 35% you must ask the next question: Are there any assets of a type which you think you do not own and which you think are outside of your estate but which may be claimed to be part of your gross taxable estate because of reserved rights or possible return of property, etc.?" said Mr. Guterman.

Another point is in connection with the redemption. If there have been such transfers in trust there should be a certain selectivity about the kind of stock that is to be redeemed because the stock that is in the testamentary estate has a stepped-up cost basis, under section 115(g)(3), which is the value as of the date of death. But if stock in a trust has been in there 20 years the stock may face a capital gains tax which is entirely unnecessary.

The objective usually is to keep the value of the stock low, yet it may be more advantageous to argue for higher value where the estate is otherwise just under the 35% requirement. It may be more advantageous to get the cash out under section 115(g)(3) than to pay a slightly larger estate tax because of the higher value of the stock.

"The next question is how much to redeem," said Mr. Guterman. "There is a certain measure of speculation in the sense that you pick out a figure that is an estimate. If you go over the figure you may run into the problem of 115(g)(3) where you exceeded the umbrella of immunity of 115(g)(3) because you have taken out more than the amount of taxes due, but under those conditions you may be well able to escape it on the ground of this very uncertainty and that the motivation was obviously one to comply with 115-(g)(3) and that can frequently be covered by an appropriate memorandum as to the whys and wherefores of the transaction itself.

"The thing that is very important is this: there has been talk of spin-off and split-off but in connection with 115(g)(3) you frequently have to talk about mergers and consolidation because there is no provision in section 115(g)(3) for recognizing the unified ownership of an entire business when it is split up into four or five corporations. So you may lose completely the privileges of 115(g)(3) by having holdings in several corporations and thereby in any particular corporation your stock might not equal 35% of the gross estate.

"That is also important in connection with inter vivos transfers. You may find that your plan is in danger because of inter vivos transfers. Creating trusts for beneficiaries may result in stockholdings being so reduced in the estate that the stock no longer comprises more than 35% of the gross estate."

Another interesting angle, said Mr. Guterman, is that the taxpayer or his representative may have a bond issue very high and capital very low, all out of proportion, and may be asserting that the indebtedness is really invested capital and that therefore he is entitled to section 115(g)(3)'s provisions.

He may find that he can use that approach to take advantage of section 115(g)(3), but on the other hand he may find that by repaying the debt

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he need not become involved in 115-(g)(3) at all because of the cash obtained through bond redemption, and the taxpayer may be better off.

The thing to remember is that 115-(g)(3) is of tremendous value in estate planning and it is a type of planning where insurance is a vital component.

Mr. Zack suggested the wisdom of life underwriter associations and the CLU chapters watching the proposed internal revenue bureau regulations and when one comes along that violates the spirit of fairness to speak out against it. It will be found that the Treasury Department will take consideration of these protests.

Mr. Zack pointed out that 115(g)(3) is an exception to an exception and therefore unless one is actually subject to the provisions of 115(g)(3) there is no need of being concerned about complying with 115(g)(3). The situation comes up only where the beneficiaries of an estate are also the principal stockholders of a corporation.

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Discussing multiple corporations as affected by 115(g)(3), Mr. Zack said that multiple corporations are being used more and more for income tax purposes. If the corporation is liquidated, there is no need to worry about Section 115(g)(3). The important thing is to have a split-up in such a fashion that one or more corporations will be very liquid and which can easily be dissolved without hurting the business operations so if there is business insurance it might be well to concentrate the insurance on one or two corporations in the setup.

Answering a question on what a stock agreement must contain, Mr. Guterman said the first type of agreement you run into is a simple first-offer agreement which means that before the stockholder can sell to anybody else he must first offer it to the other stockholders. This may be continued to where the legal representatives of an estate must also offer to the survivors. That kind of set-up has absolutely no effect on valuation. The reason for that is that while you must first offer there is no obligation to offer and the law regards the right to hold onto something and to benefit from it as the right to enjoy its full value.

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A first-offer provision may be a business convenience but it has no effect on value.

Another type of situation is a "put," as it is called in the stock exchange terminology. This not only provides for a first-offer but obligates the people to whom it is offered to buy it. For the same reason as with the first-offer, there is no effect on valuation, since the owner has the privilege of not offering the stock at all.

The third type of situation is what might be called a "call," that is, the surviving stockholders have a right to call upon the deceased owner's representatives to sell the stock. Assuming a fixed price in the call and binding throughout life, this will fix the value in the sense that there is a ceiling value but it does not preclude proving a lower value for estate tax.

The fourth type of situation is a binding buy-and-sell agreement, assuming that there is throughout the lifetime of the decedent the obligation of a first-offer to the other members of the firm should he wish to dispose of his holdings. Even a binding buy-and-sell agreement will not fix value unless it is coupled with a first-offer agreement during the owner's lifetime.

There are certain things in restrictive stock agreements that may affect these principles:

1. The possibility that the transaction is not at arm's length. Suppose one of these buy-and-sell agreements is made between a father and son. The Treasury has maintained that it is not bound by an agreement that does not partake of an arm's length character. That is, the relationship between the parties is such that it is not a true business transaction and that therefore the normal consequences of fixation of value that would normally flow are rejected by the commissioner of internal revenue. It doesn't follow that all such situations are not affected. There was a case, Bensel vs. commissioner, in which affirmative proof was shown that the relationship between the father and son was not cordial. That resulted in the agreement being given arm's length status.

The first-offer provision is essential because otherwise the owner could dispose of it at any moment before death. Frequently in drawing up these agreements the provision is made for first-

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offer which says in effect that you must first offer the stock to the survivors and if there is a failure to purchase within 60 or 90 days, that you are free to sell to anyone you please.

That kind of a clause can represent a serious detriment to the fixation of value for this reason: if one man owns 80% of the stock and another man owns 20% and the whole thing is funded by insurance the parties all know perfectly well that normally an offer to the man who has the lesser interest is meaningless in terms of the possibility of his buying the stock. It means that by simply offering it to him the entire agreement can be broken because at the end of 60 days he is free of any restriction. If that is the case the government may very well and successfully argue that the binding nature of the agreement was not valid because he could have by the mere formality of making an offer tried the effectiveness of the agreement.

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Mr. Guterman usually puts in these clauses that if at the end of the period, 60 days, in which to dispose of the stock the other fellow has 60 days in which to accept and if he doesn't accept the party who made the offer is free to sell the stock to anyone but if he doesn't sell it within 60 or 90 days as the case may be, then all the prior restrictions are reimposed in the agreement. That represents a reasonable resolution of the problem and will probably preclude the contention that by a mere formality the essence of the agreement could be destroyed.

When it comes to the valuation clause itself it should be mentioned that without an agreement or in spite of an agreement if there is an actual sale within one year from the date of death the choice by the executor of an optional valuation date will result in fixing the value of the stock for estate tax purposes. The necessity for disposing of it within the year may result in fixation of value. Of course, there may be other reasons for not choosing the optional valuation date because there are other assets which the executor may not want to value as of that date.

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Use of a fixed value in an agreement, said Mr. Guterman, is dangerous because the tendency is to forget it and then at death there is a completely unrealistic valuation basis. One way to avoid this difficulty is to provide a date beyond which the stated value shall not govern. One of the practical defects of this kind of situation is the dissension that is created when periodical valuations come along.

"Here we are fighting over the body before anybody is even dead, who is going to live longer and who is going to live less long," said Mr. Guterman. "It is unfortunate to have this kind of dissension going on and some kind of reasonable formula value has a decided advantage."

Mr. Guterman made this observation in connection with funding: Frequently the agreement will state that if the individual does not exercise his right to buy, the corporation will purchase the stock. In that connection it is important to watch out for several cases that have been decided that may cause difficulty from an income tax point of view. Those cases are the Zenz case and the Eddefield case and the tenor of these cases is that anybody in the corporation buying out the stock of the decedent may be fulfilling an obligation or an undertaking of the survivor with consequent dividend tax by reason of such payment to the survivor and the possibility of that happening makes it very important that these clauses be drawn up with the greatest care so that there is no fulfillment by the corporation of any obligation created by the agreement or other survivors.

Mr. Zack brought out that taxes are not the only important thing in stockholder agreements, particularly where there are minority stockholders. The agreement is valuable in protecting the right of a minority stockholder. A minority stockholder should have the right to sell out his interest if he wants to rather than be "frozen in." If he offers his stock and no other stockholder wishes to buy it, usually no outsider would buy a minority interest in a close corporation. Therefore, if the other stockholders refuse to buy, the agreement should provide for dissolution of the business.

In discussing valuation, Mr. Zack said that usually the start-off is with current assets, then accounts receivable. There is room for a difference of opinion on the latter. The biggest problem is on fixed assets, the evaluation of machinery, building, and office equipment. Mr. Zack warned that balance sheets should never be accepted at face value in setting up stockholder and buy-and-sell agreements since the government does not so accept them.

Hear 1953 Record Results at Jordan Sales Congress

As lead-off speaker at the annual sales congress of the Earl C. Jordon Massachusetts Mutual Life Chicago general agency, Mr. Jordan said that in every sense of the word 1953 had been the agency's foremost year. There were 1,333 cases paid for amounting to $12,343,012 of ordinary, 61 cases for $602,780 of annuities, 19 cases for $16,623,031 of new volume, with total premiums of $348,684. Twelve of the agency's full-time associates sold one or more group cases and the agency closed 1953 in third place among all the company's agencies in ordinary and second place in group.

Gain in 1953 over the previous year in ordinary was $1,374,223. Out of total ordinary production of $12,343,012, $10,333,072 was from the full-time organization, a gain of $2,459,752 over full-time production in 1952. Twenty-three agents showed a gain in individual production, the largest increase being made by Jacob E. Way, Jr., with a gain of $421,200, followed by Henry E. Franzen with $271,650.

Other speakers for the congress were Rauland C. Fischer, district group representative; James R. Martin, superintendent of agencies, who was on from the home office with Vice-president Chester O. Fischer, and Wrayburn M. Benton, 2nd vice-president, and Gerald W. Bruce vice-president of I. S. Berlin Press.

There was also a pension panel moderated by William J. Nelson, Jr., associate general agent. Panelists were James W. Ensminger, Carl E. Owen, John Goldbacher, and Bernhard F. Kalb, Jr.

Kaufman in Front Again

Nate Kaufman, general agent at Shelbyville, Ind., led Indianapolis Life in production during 1953 with $1,341,322 paid business. It was the ninth time in the past ten years that he has been the company's leading producer.

Maurice A. Kennedy, Noblesville, Ind., was second, followed by A. R. Meyer, Indianapolis.

Sammons Agency Director of Bankers Life & Casualty

Bankers Life & Casualty has strengthened its agency staff with the appointment of Francis E. Sammons, Jr., as agency director, and William P. Barrett as agency secretary.

Francis E. Sammons, Jr.

Mr. Sammons, as director of all commercial sales, will be in charge of the company's nationwide White Cross Plan. He comes to Bankers L. & C. with experience in nationally known publishing and advertising organizations, and is a veteran of World War II.

Mr. Barrett joined the company as an agent in 1946. In 1948 he was appointed supervisor at Cleveland and was elevated to manager there in 1950. Both men will make their homes in suburban Chicago, Mr. Sammons in Barrington, and Mr. Barrett in Winnetka.

Elect Simpson at Dayton

Harley J. Simpson, Equitable Society, was elected president of Dayton General Agents & Managers Assn. at a meeting addressed by Robert Osler, vice-president of Rough Notes Co.

Samuel Emerick, Mutual Life, is vice-president, and Floyd Bennett, Prudential, secretary.

Would Narrow Exemption

WASHINGTON—The ways and means committee has decided that interest on loans made to buy single premium annuity policies shouldn't qualify for tax deduction. This change would put them in the same class with single premium life and endowment policies. Under present law, if substantially all of the premiums on one of these insurance contracts are paid within four years it is considered a single premium contract. The committee would extend this definition to annual premium policies where the same result is achieved by discounting future premiums.

Schilke, Grosskopf Raised

Prudential has promoted William H. Schilke to manager at Racine, Wis., succeeding Stanley W. Grosskopf, who has been appointed an associate director of agencies in the company's north-central territory.

Mr. Schilke, who also will be in charge of sales activities at Kenosha, most recently has been regional supervisor at Milwaukee. He joined the company as an agent at Milwaukee in 1939 and subsequently was advanced to staff manager there. In 1950 he was promoted to training consultant and in 1952, to regional supervisor.

Mr. Grosskopf, who has been manager at Racine for eight years, will work with Peter C. Zimmer, director of agencies at Milwaukee.

J. P. LoTruglio Promoted

Joseph P. LoTruglio has been appointed assistant manager of the midtown New York City branch of Union Mutual Life. He succeeds Timothy Donoghue, who has been appointed regional group manager, with headquarters in the New York City agency.

Mr. LoTruglio joined the company in 1952 as supervisor in the midtown branch. He had been in charge of Aetna Life's Brooklyn A & H department. He is an army veteran.

• *Plymouth Life* of Austin, Tex., has moved from the Terry-Brooks building to its new home office at Seventh & Colorado streets there.

Claris Adams to Head ALC Headquarters Staff

(CONTINUED FROM PAGE 1)

by many additions to membership, while his ability as a public speaker took the message of life insurance to audiences of all types throughout the U.S.

Mr. Adams has actively participated in the civic life of Columbus and Ohio. He has served as president and chairman of the Community Chest of Columbus and Franklin county, vice-president of the Columbus War Chest, regional chairman of the committee on economic development, and director of the Ohio regional board of Boy Scouts of America. He has participated in many other civic activities.

In returning to ALC, Mr. Adams again will be associated with six staff members who served with him during the years 1926 to 1929. They are Administrative Vice-president Lee N. Parker, General Counsel Ralph H. Kastner and Assistant Treasurer Lillian Wille, of ALC; and Vice-president O. V. Elder, 2nd Vice-president Gordon Gifford and Assistant Treasurer Ruth J. Browne of American Service Bureau.

Mr. Adams is regarded as one of the top-flight speakers in the life insurance business, with an easy, relaxed style of delivery, yet capable of arousing his listeners' emotions when the occasion calls for it. One of the most outstanding platform performances of his career was at the main luncheon session of the 1953 ALC meeting when he introduced all the past presidents who were on hand and gave a little biographical sketch of each.

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Mr. Adams is highly regarded as a conciliator of divergent viewpoints, as he has had many occasions to demonstrate as chairman of the joint ALC-LIA committee on federal income taxation of life companies. There have been times when efforts to agree on a common program were threatened with failure, even to the point where some of the conferees were ready to walk out. However, with his good humor and ability for getting agreement on a compromise, Mr. Adams always succeeded in keeping the project moving ahead.

It is almost impossible to throw him off his stride even in situations that would have most other men flustered. In appearing before the ways and means committee and in conferences with Treasury representatives there have been times when an abrupt shift in course was necessary for strategic reasons but it never bothered him to be taxed with these by those on the opposite side of the table.

It has not yet been definitely decided where Mr. Adams will have his headquarters—Washington or Chicago. Even if he is to be located at Chicago he will be spending a great deal of his time at Washington on ALC matters.

By joining the ALC staff March 1 he will have a month overlap with Mr. Hogg and will also be able to attend the three ALC regional meetings in early March and the executive committee meeting March 15 in Chicago.

Old American Has Rally

Old American Life of Seattle marked the sixth anniversary of its entrance in Utah with a dinner and agents' meeting at Salt Lake City. More than 100 persons attended.

On hand from the home office to conduct the business meetings were J. A. Hibbard, president; J. Alvin Hibbard, executive vice-president and superintendent of agencies; Ralph J. Stayner, vice-president; Myrtle Lunn, secretary, Walter A. Lunn, treasurer, and Paul A. Goodin, attorney.

Companies Use Glowing Terms to Recap 1953

(CONTINUED FROM PAGE 1)

GREAT-WEST LIFE

Great-West Life's 1953 new business amounted to $354,080,600, compared with $327,093,322 a year earlier. Insurance in force stood at $2,393,566,143, comprised approximately of $1,987,000,000 insurance and $406 million annuities, representing an increase of $261,913,030.

Assets increased by $34,611,412 to $480,638,664. After deducting all investment expenses, the net rate of earned interest was 3.83%, as against 3.75%. Capital, contingency reserve and surplus increased from $23,020,682 to $25,108,097.

Benefit payments to policyholders amounted to about $43 million and in addition some $31 million was added to policyholders' reserves.

Group business in force increased $129 million, amounting to $706 million. Such business now forms nearly 30% of the company's total business in force. A & H premium income was just short of $12 million, an increase of $2,850,000.

GUARDIAN LIFE

Guardian Life's sales in 1953 amounted to $132,719,000, up 6.5%. Insurance in force is $1,121,033,000, up $76,654,000. A&H premiums for Guardian's first full year in the A&H field were $327,850. Income from all sources was $52,654,000, up 6%. Net earnings were $6,240,000, up 30%. Of this amount, $4.6 million has been set aside for dividends, up 12.9%. The disability fluctuation reserve was increased by $350,000 and the balance of $1,290,000 was added to surplus, which is $23,026,000 or 6.9% of liabilities. Benefit payments were $18,443,000, up 3.8%. Dividend payments were $3,915,000. Investment income was $12,538,000, up 7.2%. Net return was 3.4%, as against 3.34%.

KANSAS CITY LIFE

Net paid-for business of Kansas City Life in 1953 was $125,786,197, compared with net-issued business in 1952 of $117,417,512. Insurance in force reached $1,013,741,546, as against $955,114,999.

Assets rose from $270,698,077 to $288,069,408. Special contingency fund was raised to $5 million, compared with $4 million. Unassigned surplus rose from $10,501,114 to $12,216,272. Capital, surplus and contingent reserves totalled $21,216,272, a gain of $2,715,158.

Benefit payments amounted to $12,383,000, compared with $11,525,000.

MONARCH LIFE, MASS.

Monarch Life of Massachusetts had new ordinary life business in 1953 of $49,071,355, a gain of 16.2%. Individual A & H premium income rose 5.4% to total $2,847,743. Life insurance in force, including group and employe, stood at $243,551,544, a 16.6% increase, and premiums in force on A. & H. business, other than group and employe, amounted on a yearly basis to $13,437,268, an 8.4% increase. Benefit payments were $7,637,859, as against $7,103,406.

A $6,001,462 increase in assets, the largest ever for the company, brought the total to $45,015,569. At the year end the company had $123.83 of assets per each $100 liabilities. The gross rate of interest on invested assets was 3.69%, compared with 3.47%.

MUTUAL LIFE OF NEW YORK

Mutual Life sold $362,200,000 in 1953, up 15% and its greatest volume since 1930. Insurance in force totals $4,825,000,000 as against $4,649,000,000. Sales included $4,100,000 issued under "Module Multiprotection" plans, new employe benefit program for small and medium-sized business concerns. Mutual began issuing module contracts last summer.

NATIONAL LIFE OF VERMONT

National Life of Vermont's sales reached a record high of $163,621,758 in 1953, up 16%, and assets rose 7% to $551,834,403. Insurance in force is $1,412,123,304, a gain of 8%.

Dividends were increased, with $10,511,032 set aside for 1954, up 29%. Interest rate on investments was 3.52% before federal income tax as against 3.47% in 1952 and 3.3% after federal income tax against 3.25% in 1952.

OHIO NATIONAL LIFE

With $106,546,719 new insurance paid-for, President John H. Evans reports that Ohio National Life's 1953 sales exceeded those for 1952, the best previous year, by more than 20%. Company earnings and margins of protection to policyholders reached an all-time high. The gain of insurance in force was $65,637,592, bringing the total to $625,427,238.

Assets of $136,644,500 were higher by $9,314,191. Capital and surplus amounted to $7,603,366, up from $6,886,742.

OHIO STATE LIFE

New paid-for production of Ohio State Life in 1953 totaled $33,348,566, an increase of 12.7% exclusive of group, according to President Claris Adams. Insurance in force reached $269,580,084, up $16,850,387. Assets gained $4,855,205 to $69,977,384. Capital, surplus and voluntary contingency funds rose $455,528 to total $7,297,251.

A. & H. premium income was higher by $47,000. Death claim payments to beneficiaries were $450,000 more than in any other year.

PENN MUTUAL

Penn Mutual's 1953 new business set a record of $358,849,420, up more than $33 million. Insurance in force is $3,393,604,489, up $177,947,838. The average new policy amounted to $6,969 compared with $6,394 in 1952 and $5,516 in 1951. Assets are $1,457,810,025, up almost $52 million. Net interest on investments, before federal income taxes, was 3.29% as against 3.2% in 1952 and 3.1% in 1951. Benefit payments were $99,750,850. Total investments made in 1953 were about $150 million.

PHOENIX MUTUAL LIFE

Phoenix Mutual Life's sales for 1953 were a record $138,195,000, up 11%. Insurance in force is $1,318,423,000, an increase of $78,140,000. Premium income was $53,076,000. Assets went up $34,134,000 to reach $161,408,000. Benefit payments totaled $34,163,000. Net investment return before federal income taxes was 3.39% and 3.18% after taxes.

PROVIDENT LIFE, N. D.

New business of Provident Life of North Dakota in 1953 was $19,720,577, a 15% increase. Insurance in force gained $8,359,436 to total $134,541,061. Showing a 12% increase, the average size policy was $3,458.

SHENANDOAH LIFE

Ordinary business of Shenandoah Life increased nearly 30% in 1953 and insurance in force reached an all-time high of $389,238,099, according to President Paul C. Buford.

Assets of $38,811,639 were a gain of $2,308,743. The average rate of return earned on invested assets was 3.57%, compared with 3.39%. Benefit payments since organization now amount to $67,358,742, the 1953 figure being $5,102,421.

During the year, the company purchased for trustees under the plan of mutualization 5,772 shares of stock at $76 per share. Remaining stockholders were offered the same price. At the year end, 3,662 shares of stock, about 7% of total, were outstanding in the hands of 63 stockholders, and some of these have been purchased for delivery in 1954.

The cost of acquiring the stock accounted for a decrease in unassigned surplus. From operations there was a surplus increase of $208,054 though after deducting the $323,232 paid for acquiring stock, surplus funds showed a $115,177 decrease.

UNION CENTRAL LIFE

Union Central Life's 1953 new business of $206,449,429 was the highest ever and an increase of 28.1%, President W. Howard Cox has announced.

Insurance in force increased $125,940,761 to total $1,684,993,020. Benefit payments were $51,903,672, bringing the total of such payments since organization to $1,423,524,758. Assets increased to $697,083,542, compared with $676,661,088. Surplus amounted to $23,707,117, as against $22,361,519.

UNITED LIFE & ACCIDENT

Assets of United Life & Accident are $30,148,359, up $1,874,554. Capital and surplus funds are $3,069,420, with a surplus increase of $354,931. Sales increased 24% to $26,841,548. Insurance in force is $156,896,477, up $17,335,357.

WASHINGTON NATIONAL

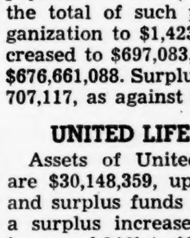
Washington National exceeded its 1953 goal of $920 million of life insurance in force by more than $10 million, President P. W. Watt reports.

The $230,052,691 of new business paid for represents an increase of $37,417,573 and brings life insurance in force to $930,552,561, a gain of $118,323,678.

The company's 1954 goal will be $1 billion of life insurance in force by the time it holds its industrial, ordinary and group conventions in the fall.

Riebel to Oklahoma City

Sylvester F. Riebel has been appointed general agent at Oklahoma City by Penn Mutual. He succeeds George A. Bennington, III, now superintendent of agencies. Mr. Riebel went to the home office last April to participate in the general-agents-in-training program. Before that he was for three years with the Weiss agency at Fresno as agent and district manager. He is an air force veteran.



S. F. Riebel

Life Company Stock Prices Keep Rising

NEW YORK—Life insurance stocks continued in January the upward climb that characterized their 1953 performance. The rise has continued into February. For example, 265 was bid for Connecticut General Tuesday as against 250 Jan. 28. The bid figure on Lincoln National went from 202 to 215, on Travelers from 890 to 915 bid. Following are the bid and asked prices as of the close of business Jan. 28 for 19 life company stocks considered by Shelby Cullom Davis & Co., New York City insurance stock and municipal bond specialists, as those most actively traded.

	Bid	Asked
Aetna	102	103½
Colonial	64	66
Columbian Nat.	73	75
Conn. General	250	255
Continental Assur.	142	144
Franklin	52	53
Great Southern	46	48
Gulf	23½	24
Jefferson Std.	88	89
Kansas City	680	690
Life & Casualty	22½	23½
Life of Virginia	72½	73½
Lincoln National	202	205
Monumental	56	58
National L&A	65½	66½
Northwestern Nat.	33½	34½
Southland	113	118
Southwestern	93	95
Travelers	890	900

Chicago Union League Hears Bright '54 Forecast

(CONTINUED FROM PAGE 2)

ever, this is only $6,500 insurance per family, which he characterized as "a pitiably small sum." Only 3.6% of disposable national income goes to buy life insurance.

It is predicted that general business will be a little less good in 1954, but Mr. Guertin said that this has historically been a good thing for life insurance. Agents may have to work harder, but their message will reach a more responsive chord; employers may be a little more careful with their group or pension plans, but this is a line of business probably too well established to slow down to any extent.

Production this year may be made more attractive to the public with many companies offering new plans or new gadgets.

Mr. Guertin remarked that in 1937 the companies got a 2.88 return on their investments which were mostly in government bonds, but that is now at a 3.28 level and reserves for liabilities are down from 3.00 to 2.88. This gives the life companies almost a ½% better return. Mortality rates have improved, and while expenses have skyrocketed, the average face amount of policies has risen, mechanization has been introduced and unit costs have not risen proportionately.

A number of companies recently have reduced premiums and others have increased dividends. The net cost of life insurance is down whenever this is done and a trend may be in the making. This puts life insurance in a much better competitive position, he observed.

Mr. Guertin said the problems of the business are explaining what life insurance can do, and dealing with legislation and taxation. Taxation is the worst of these problems, he said, and it is a subject about which there is a great deal of misunderstanding. There is no bonanza in the life insurance business on any tax front, he declared. Every tax imposed on a life company is passed along to the buyer of insurance, and the business is attempting to get on the best possible footing.

The business is trying to work out some non-discriminatory bills so that beneficiaries are not subject to an unfair tax burden.

Discussing social security, he mentioned this involves practically the same amount of life insurance in force as the private companies have been able to build up over the years. As revisions in the law are discussed, the business is getting together to make appearances before committees and to offer constructive suggestions.

Last year the life companies had almost the same rise in premiums as the A. & H. insurers, with ordinary up 15%, industrial up 7% and group 25%. The life companies write 64% of all A. & H. business, 37% of individual and 80% of group.

He mentioned there are two bills in Congress to amend Public Law 15 and the Clayton act which would make it impossible for an employer to contribute to a welfare fund unless it comes under government supervision.

Emil Lederer of the Stewart, Keator, Kessberger & Lederer agency at Chicago discussed the casualty and surety business, and George Whitford, vice-president of Fire Association, presented the fire insurance picture.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

reorganized to devote its activities exclusively to brokerage business. Agency members not engaged in brokerage operations will be transferred to a newly formed sales office headed by William G. Loventhal, who has been assistant manager of the company's R. J. Murphy & Associates agency at Chicago.

Would Put Welfare Funds Under State Control

WASHINGTON—HR 7438, introduced by Rep. Hoffman of Michigan, would remove the anti-trust exemption for union welfare funds not under state insurance department control. The bill is virtually the same as Mr. Hoffman's earlier HR 7116, except for specifying state insurance department supervision rather than merely specifying state supervision in a general way. Hoffman's 7437 would amend the Taft-Hartley act section dealing with welfare funds so as to forbid employer contributions unless the fund is under the state insurance department supervision.

Prudential Debit Agents May Strike March 1

Prudential industrial agents represented by the AFL insurance agents union may go on strike March 1, when the present contract expires, according to George L. Russ, international president of the union. He said negotiations on a new contract have been suspended but said he hopes for an early resumption of negotiations.

He issued a denunciatory statement which indicated that the union and Prudential were not seeing eye to eye on the union's demands. Prudential industrial agents in the AFL went on a prolonged strike two years ago.

Equitable Makes Changes in W. Va., Va.

J. E. B. Sweeney and his brother, Thomas B. Sweeney will on Feb. 15 retire as managers for Equitable Society at Charleston, W. Va., and Wheeling, respectively, but will continue as independent general agents of Equitable. The Charleston and Wheeling organizations will be consolidated, with headquarters at Charleston. T. Woody Evans, now manager at Roanoke, will head the new agency. The Roanoke territory is being transferred to the Richmond agency, headed by J. Smith Ferebee. Messrs. Sweeney are sons of the late John F. Sweeney, who founded Equitable's sales organization in West Virginia in 1887. T. B. Sweeney, Jr., of the Wheeling agency, is resigning his management duties to devote full time to public interests. His brother, J. F. Sweeney, also of the Wheeling agency, will continue with the Evans agency.

"Misstates" Attitude Toward Ike's Plan

Life insurance leaders interested in the A&H business were disturbed by an article in the *Chicago Daily News* of last Monday which implied that the life insurance business is out of sympathy with President Eisenhower's health insurance proposals. The article was based on views attributed to a group of insurance executives who have been asked by Secretary Hobby of the Health, Education and Welfare Department to cooperate with the department in working out a solution to the insurance aspects of the program. There was not only an implication that the executives felt there was no practical solution, but that they felt Mrs. Hobby was also dubious.

So far as could be learned, there is no basis for either of these implications. The official position of the life insurance business, as recently stated in a joint American Life Convention-Life Insurance Assn. of America announcement, is that the associations are "in full accord with the government's desire to improve further the nation's health care". That attitude has not changed.

As a matter of fact, those in the group that is cooperating with the Health, Education and Welfare Department were invited to do so as individual experts and not as representatives of the life or A&H business.

The *Daily News* article appeared to be following the pattern of the newspaper's Jan. 20 editorial criticizing the President's program.

New Titles Given Four by Shenandoah Life

Richard S. Leftwich, general counsel of Shenandoah Life, has been given the additional title of secretary. In his new position he succeeds the late Oscar W. Yates.

Also, additional titles of vice-president have been given to Dr. David S. Garner, medical director; R. N. Matthews, actuary, and T. T. Moore, comptroller.

• **William W. Ray**, former supervisor, has been appointed assistant general agent in the Tyson agency of Massachusetts Mutual at Richmond.

Suggest Hospital Deductible at A&H Bureau Seminar

(CONTINUED FROM PAGE 2)

confusion between doctors and insurers.

Howard A. Moreen, group secretary of Aetna Life, brought up some of the problems of underwriting major medical when the basic plan is insured in another company. This problem comes about when the employers wanting major medical have their basic benefits with a company not offering major medical, and cannot or do not want to transfer the basic benefits.

One proposed solution is to ignore basic benefits in this situation, but Mr. Moreen said this would be undesirable from a sound underwriting and social standpoint. It would require a high deductible which might result in a severe gap in coverage.

If major medical benefits are completely integrated with the basic plan, thus excluding any expenses paid under the basic, underwriting complications and problems arise. Mr. Moreen pointed out that eligibility for major medical would be limited to those covered by the basic benefits.

A discussion of policy as regards payment for X-rays, hydrotherapy, anesthesia, and related matters was given by E. David Willerup of Connecticut General Life, who said payment for these services are really payment of a professional fee which is excluded in the contract. However, the majority of companies pay under the provision for extras.

Borden San Antonio Head Man

William A. Borden, American Hospital & Life, has been designated president of the San Antonio Assn. of A. & H. Underwriters to fill the unexpired term of Hal Bennett of Employers group who has been transferred to Dallas.

Tex. Tri-City Congress Speakers Announced

Speakers have been announced for the Tri-City Sales Congress to be staged by Texas Assn. of Life Underwriters at Dallas Feb. 11, Houston Feb. 12 and San Antonio Feb. 13.

Dates for other insurance gatherings have been scheduled, though programs are still being arranged. Three "life insurance weeks" are to be observed, one at San Antonio Feb. 7-13, another at El Paso Feb. 22-27 and a third at Fort Worth March 14-20. The east Texas sales congress will be held at Tyler, March 26, and the west Texas congress at Amarillo April 3. The Texas leaders round table will hold its annual seminar at Southern Methodist University, Dallas, April 1-5.

Addressing the Tri-City sessions will be G. Nolan Bearden, New England Mutual Life, Beverley Hills, Cal., chairman of the Million Dollar Round Table; Robert L. Hogg, executive vice-president of American Life Convention who is to become senior vice-president of Equitable Society; Frank Bell, American General Life, Abilene, Tex.; S. M. Scrudato, Metropolitan manager at Jersey City, and Loran Powell, managing director of Life Underwriter Training Council.

Dorman Associate G.A.

Wayne E. Dorman has been appointed associate general agent in the Marr agency of Penn Mutual at Washington. He is a CLU and a navy veteran.

American Investors Plan

American Investors Life has issued a "monthly mortgage disability plan," sold either with or without a companion life policy and featuring a level premium on males and females from ages 16 to 59. Monthly indemnity of the policy is limited to $150, but the policy can be written in any amount up to the limit.